

A G E N D A

UTAH BOARD OF WATER RESOURCES

Crystal Inn
1450 South Hilton Drive
St. George, Utah

March 8, 2006

2:00 p.m.

- I. CALL TO ORDER
- II. APPROVAL OF MINUTES - February 3, 2006
- III. CHAIR'S REPORT
- IV. WATER SUPPLY REPORT
- V. FEASIBILITY REPORTS
 - E143 Huntsville South Bench Canal Co. Weber
 - E170 Dixie Deer Special Service Dist. Washington
 - E190 Magna Water Co. an Improvement Dist. Salt Lake
- VI. COMMITTAL OF FUNDS
 - E183 Parowan South Field, Inc. Iron
- VII. SPECIAL ITEMS
 - E197 Sevier Valley Canal Co Sevier
(Feas. Rpt. & Comm. Of Funds)
 - E192 Melville Irr. Co. Millard
(Feas. Rpt. & Comm. of Funds)
 - E132 Leeds Water Co. (Amendment) Washington
 - E173 Cub River Irrigation Co. (Parity) Cache
 - D730 Mosby Irr. Co. (Amendments) Uintah
- VIII. DIRECTOR'S REPORT
- IX. ADJOURNMENT

BOARD OF WATER RESOURCES

Revolving Construction Fund

Funding Status

March 8, 2006

Funds Available for Projects This FY	\$	7,477,000
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Projects Contracted This FY

1 Piute Res & Irr Co (Piute Dam; Amend)	C022	Grant	**	142,500
2 Piute Res & Irr Co (Piute Dam; Amend)	C022	Loan	**	7,500
3 DMAD Co	C031	Grant	**	2,166,000
4 San Juan WCD (Amend)	C026	Grant	**	780,000

Total Funds Contracted	\$	3,096,000
Funds Balance	\$	4,381,000

Projects with Funds Committed

1 Kanab Irr Co	D968			\$ 150,000
2 Kays Creek Irr Co (Adams Dam; Amend)	C001	Grant	**	4,000
3 Bryner-Ploutz Ditch Co	E164			116,000
4 Deseret Irr Co	E179			88,000
5 Utland Ditch Co	E182			270,000
6 Chester Irr Co (Amend)	E138			16,000
7 M&M Irr Co	E136			976,000
8 Enterprise Res & Cnl Co (Lower Ent Dam)	C012	Grant	**	380,000
9 Enterprise Res & Cnl Co (Lower Ent Dam)	C012		**	20,000
* 10 Parowan South Field, Inc	E183			328,000
11 W. Panguitch Irr & Res Co (Amend)	E105			53,000
* 12 Sevier Valley Cnl Co	E197			195,500
* 13 Melville Irr Co	E192			127,500
* 14 Mosby Irr Co (Amend)	D730			3,600,000
Commitments for Dam Safety Studies			**	150,000

Total Funds Committed	\$	6,474,000
Funds Balance	\$	(2,093,000)

Projects Authorized

1 Deseret Irr Co	E056			\$ 312,000
2 Hi-Country Estates Homeowners Assn	E127			406,000
3 Lincoln Culinary Water Corp	E165			276,000
4 Cub River Irr Co	E173			680,000
5 Circleville Irr Co	E166			115,000
6 Dry Gulch Irr Co	E176			221,000
7 North Creek Irr Co	E181			288,000
8 Fountain Green Irr Co (Well)	E185			221,000
9 Spanish Fork South Irr Co	E193			29,500

Total Funds Authorized	\$	2,549,000
Remaining Funds Available	\$	(4,642,000)

** Dam Safety Projects

BOARD OF WATER RESOURCES

Cities Water Loan Fund

Funding Status

March 8, 2006

Funds Available for Projects This FY	\$	4,931,000
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Bonds Closed This FY

Total Bonds Closed	\$	-
Funds Balance	\$	4,931,000

Projects with Funds Committed

1 Centerville City	E155	156,000
2 Kamas City	L550	\$ 1,879,000

Total Funds Committed	\$	2,035,000
Funds Balance	\$	2,896,000

Projects Authorized

1 Town of Mantua	L553	508,000
2 Corinne City	L555	326,000
3 Lindon City	L554	256,000

Total Funds Authorized	\$	1,090,000
Remaining Funds Available	\$	1,806,000

BOARD OF WATER RESOURCES

Conservation & Development Fund

Funding Status

March 8, 2006

Funds Available for Projects This FY \$ 18,885,000

Projects Contracted/Bonds Closed This FY

1 Leeds Water Co	E132	1,006,000
2 Center Creek Culinary Water Co	E020	877,000
3 Davis & Weber Counties Canal Co	E189	1,807,000
4 St George & Washington Canal Co (Ph 1&2)	E129	6,600,000

Total Funds Contracted/Closed	\$ 10,290,000
Funds Balance	\$ 8,595,000

Projects with Funds Committed

1 Lake Creek Irr Co (Ph 1)	E102	\$ 22,500
2 Centerfield Town	L547	255,000
3 Gunnison City (Amend)	E088	490,000
4 Elwood Town	L549	1,530,000
5 Hooper Irr Co (Phase II)	E060	595,000
* 6 Leed Water Co (Amend)	E132	194,000

Total Funds Committed	\$ 3,087,000
Funds Balance	\$ 5,508,000

Projects Authorized

1 Strawberry High Line Canal Co	D976	\$ 3,187,000
2 Uintah WCD (Island Ditch)	E036	342,000
3 Richland Nonprofit Water Co	E087	335,000
4 Lake Creek Irr Co (Ph 2)	E102	300,000
5 New Escalante Irr Co	E077	300,000
6 St George & Washington Canal Co (Ph 3&4)	E129	4,400,000
7 Ashley Valley Res Co	E145	1,489,000
* 8 Huntsville South Bench Canal Co	E143	1,287,000
9 Provo River Water Users Association	E177	60,000,000
* 10 Dixie Deer SSD	E170	340,000
* 11 Magna Water Co an Improvement Dist	E190	7,100,000

Total Funds Authorized	\$ 79,080,000
Remaining Funds Available	\$ (73,572,000)

BOARD OF WATER RESOURCES

March 8, 2006

ADDITIONAL ACTIVE PROJECTS	Fund	Est. Board Cost	Total Cost
Projects Under Investigation			
1 Keith Johnson	D996 RCF	\$ 37,500	\$ 50,000
2 Mayfield Irr Co	E067 RCF	187,500	250,000
3 Rock Dam Irr Co	E083 RCF	37,500	50,000
4 Downs Ditch Water Co	E139 RCF	281,250	375,000
5 Co-Op Farm Irr Co	E140 RCF	374,250	499,000
6 Anderson, Felt, Winters Ditch Co	E141 RCF	148,500	198,000
7 Felt, Peterson, Slater Ditch Co	E142 RCF	148,500	198,000
8 Emmertsen Irr Co	E144 RCF	86,250	115,000
9 Huntsville Irr Co	E146 RCF	627,000	836,000
10 Vernon Irr Co	E158 RCF	37,500	50,000
11 West Cache Irr Co	E160 RCF	150,000	200,000
12 Loss Creek Irr Co	E167 RCF	111,000	524,000
13 Kingston Irr Water Co	E169 RCF	85,000	240,000
14 Greenwich Water Works Co	E171 RCF	112,500	250,000
15 Bullion Creek Irr Co	E172 RCF	75,000	100,000
16 Fountain Green Irr Co (Birch Creek)	E174 RCF	30,000	40,000
17 East Panguitch Irr Co	E175 RCF	375,000	500,000
18 Twin Creek Irr Co	E180 RCF	300,000	400,000
19 Otter Creek Res Co	E184 RCF	180,000	240,000
20 Fountain Green Irr Co (Flow Augment)	E186 RCF	75,000	100,000
21 Providnece-Logan Irr Co	E191 RCF	350,000	450,000
22 Fremont Irr Co	E194 RCF	325,000	800,000
23 Parowan City	E121 CWL	158,250	211,000
24 Town of Vernon	L551 CWL	189,000	252,000
25 Marysvale Town	L552 CWL	131,250	250,000
26 Gunlock SSD	E188 CWL	502,500	670,000
27 Woodruff Irrigating Co	D680 C&D	600,000	800,000
28 Kane County WCD	D828 C&D	1,500,000	2,000,000
29 Uintah WCD (Leota Bench)	D944 C&D	750,000	1,000,000
30 Gunnison Butte Mutual Irr Co	E004 C&D	10,500,000	14,000,000
31 Hyrum Blacksmith Fork Irr Co	E047 C&D	1,230,000	1,640,000
32 East Juab County WCD	E071 C&D	375,000	500,000
33 Ferron Canal & Res Co	E082 C&D	2,625,000	3,500,000
34 Whiterocks Irr Co	E084 C&D	1,500,000	2,000,000
35 Logan, Hyde Park, Smithfield Canal Co	E096 C&D	1,301,250	1,735,000
36 Town of Goshen	E109 C&D	240,000	320,000
37 Weber-Box Elder Conservation Dist	E113 C&D	9,750,000	13,000,000
38 Cottonwood Creek Consolidated Irr Co	E125 C&D	3,750,000	5,000,000
39 Alton Farmers Assoc	E128 C&D	1,650,000	2,200,000
40 Huntington-Cleveland Irr Co	E130 C&D	21,299,000	66,090,000
41 Fremont Irr Co	E131 C&D	1,500,000	2,000,000
42 Grantsville Irr Co	E150 C&D	321,000	428,000
43 Wellsville Mendon Conservation Dis	E195 C&D	293,000	511,500
44 Emigration Imp Dist	E196 C&D	2,600,000	2,700,000
Subtotal		\$ 66,899,500	\$ 127,272,500

BOARD OF WATER RESOURCES

March 8, 2006

Authorized or Committed Projects

1 Davis & Weber Counties Cnl Co (Ph 4)	D674	C&D	\$	10,379,000	\$	12,211,000
2 Weber Basin WCD (Secondary Irr, Ph 3-5)	E029	C&D		27,721,000		32,613,000
3 Davis & Weber Counties Cnl Co(Cnl Rehab)	E035	C&D		13,691,000		16,107,000
4 Hooper Irr Co (Press Irr, Ph 2-4)	E060	C&D		11,772,000		13,850,000
5 City of Cedar Hills	E099	C&D		31,200		31,200
				<u>63,594,200</u>		<u>74,812,200</u>
Subtotal			\$	63,594,200	\$	74,812,200
TOTAL			\$	130,493,700	\$	202,084,700

INACTIVE PROJECTS

Long Term Large Water Conservation Projects

1 Sanpete WCD (Narrows Dam)	D377
2 Wayne County WCD	D494
3 Cedar City Valley Water Users	D584
4 Bear River WCD	D738
5 Upper Sevier River WCD	E098
6 Central Utah WCD (Prepay FY98,99,00)	D960

BOARD OF WATER RESOURCES

Feasibility Report

Conservation and Development Fund

Appl. No.: **E-143**
Received: 4/28/04
Approved: 7/9/04

To be Presented at the March 8, 2006 Board Meeting

SPONSOR: **HUNTSVILLE SOUTH BENCH CANAL COMPANY**

President: Gregory Graves

LOCATION: The proposed project is located south of Pineview Reservoir, near Huntsville in Weber County.

EXISTING CONDITIONS & PROBLEMS: The sponsor provides irrigation water to about 230 agricultural acres and 27, two-acre residential lots. Approximately 115 acres are sprinkle irrigated and the remainder are flood irrigated.

Early season water comes from Bennett and Bally Watt Creeks; however, the main source is 600 acre-feet of Weber Basin water released from Causey Reservoir.

The more than 3.5-mile long Huntsville South Bench Canal was concrete lined in 1967; that has since broken up. The canal has failed in several places through the years, prompting the sponsor to make emergency repairs and resulting in a mismatch of pipe and temporary liners approximately 5,500 feet in length. The sponsor fears continued use of the canal in its present state will result in additional failures, prompting safety and liability concerns as well as disruption of its water supply.

It has been estimated that approximately 375 acre-feet of the water diverted into the ditch is lost through seepage.

PROPOSED
PROJECT:

The sponsor is requesting financial assistance from the board to replace the Huntsville South Bench Canal with approximately 17,500 feet of 24-inch HDPE pipe and 17 turnout structures.

Thicker walled pipe is to be used in the proposed project in anticipation of an area-wide gravity pressurized irrigation system possibly being installed. Technical assistance is being provided by J-U-B Engineers of Kaysville.

COST ESTIMATE:

The following cost estimate is based on the engineer's preliminary design and has been reviewed by staff:

<u>Item</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit</u> <u>Price</u>	<u>Amount</u>
1.	Mobilization	LS	\$10,000	\$ 10,000
2.	Connection to Existing Structures	LS	5,000	5,000
3.	24-inch HDPE Pipe	17,500 LF	57.20	1,001,000
4.	Backfill Material	LS	30,000	30,000
5.	Road Crossing	LS	6,000	6,000
6.	Turnouts	17 EA	1,500	25,500
7.	Drains	LS	3,500	3,500
8.	Remove Existing Liner	LS	87,000	<u>87,000</u>
Construction Cost				\$1,168,000
Contingencies				117,000
Legal and Administrative				15,000
Design and Construction Engineering				<u>130,000</u>
TOTAL				\$1,430,000

COST SHARING
& REPAYMENT:

The recommended cost sharing and repayment are:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$1,287,000	90%
Sponsor	<u>143,000</u>	<u>10</u>
TOTAL	\$1,430,000	100%

If the board authorizes the project, it is suggested it be purchased at 1% interest over 30 years with annual payments of \$49,900.

The sponsor is in the process of applying for a grant through the NRCS that could be available later in the year. If a grant is obtained it will be used to reduce the amount obtained from the board.

ECONOMIC
FEASIBILITY:

A proposed project is economically feasible if the benefits derived from the project over its life exceed the costs. Agricultural benefits from the proposed project include approximately \$15,000 in increased crop yield and \$1,000 in reduced O&M costs annually. If it is assumed the area will convert to M&I use over the next 30 years at a 3.5% growth rate (higher than Weber County's projected annual growth rate of 2%, but still conservative given the characteristics of the area) and using Weber Basin Water Conservancy District's current contract price for culinary water, the benefit/cost ratio is 1.0.

FINANCIAL
FEASIBILITY:

It is estimated that agricultural benefits and O&M savings from the project amount to approximately \$16,000 per year. This is not enough to make the proposed annual payments to the board.

The sponsor has requested equal payments throughout the purchase period rather than payments increasing based on projected growth. The proposed payment of \$49,900 is equivalent to \$174.78 per share. This rate is very high for an agricultural project but reasonable for residential secondary irrigation into which the service area will eventually develop.

Shareholders currently pay between \$25 and \$30 per share in annual assessments.

BENEFITS:

Replacing the existing canal with pipe will allow the sponsor to continue to supply water to its shareholders, reduce operation and maintenance costs, ease concerns over ditch failure and save approximately 375 acre-feet annually.

PROJECT
SPONSOR:

Huntsville South Bench Canal Company was incorporated in 1929 and is registered in good standing with the State Department of Commerce. The sponsor's 285.5 shares of stock are held by 40 shareholders. Sinclair Oil, owner of Snow Basin ski resort, is the largest shareholder with 99 shares of stock.

The sponsor received around \$42,000 in assistance from the board in 1967 to concrete-line the canal, which has been repaid.

WATER RIGHTS
& SUPPLY:

The sponsor has rights (35-7307 and 7308, as described in the Ogden River decree) to divert up to 8.92 cfs from Bennett and Bally Watts Creeks to irrigate 267.5 acres. It also has a contract with Weber Basin Water Conservancy District for 600 acre-feet of water stored in Causey Reservoir.

EASEMENTS:

The proposed pipeline will be installed within the existing canal easement.

ENVIRONMENTAL:

No new ground will be disturbed for the project; therefore, no long-term environmental impact is foreseen.

WATER
CONSERVATION:

The project will conserve approximately 375 acre-feet of water annually, which will be used in the sponsor's service area to reduce shortages.

SPONSOR'S
RESPONSIBILITIES:

If the board authorizes the proposed project, the sponsor must do the following before construction can begin:

1. Obtain all easements, rights-of-way, permits, water rights, and water right assignments required to construct, operate, and maintain the project.
2. Pass a resolution by the appropriate (as defined in the company's Articles of Incorporation and Bylaws) majority of company stock authorizing its officers to do the following:
 - a. Assign properties, easements, water rights, and water right assignments required for the project to the Board of Water Resources.
 - b. Enter into a contract with the Board of Water Resources for construction of the project and subsequent purchase from the board.
3. Have an attorney give the Board of Water Resources a written legal opinion that:

a. The company is legally incorporated for at least the term of the purchase contract and is in good standing with the state Department of Commerce.

b. The company has legally passed the above resolution in accordance with the requirements of state law and the company's Articles of Incorporation and Bylaws.

c. The company has obtained all permits required for the project.

4. Have an attorney give the Board of Water Resources a written legal opinion that:

a. The company owns all easements and rights-of-way for the project, as well as the land on which the project is located, and that title to these easements, rights-of-way, and the project itself can be legally transferred to the board.

b. The company's water rights and water right assignments applicable to the project are unencumbered and legally transferable to the Board of Water Resources, and that they cover the land to be irrigated by the project.

In lieu of an attorney's opinion, the company may obtain a title insurance policy in the name of the Board of Water Resources for the easements, rights-of-way, land, and water rights necessary for the project.

5. Obtain approval of final plans and specifications from the Division of Water Resources.

6. Review and update its water management and conservation plan for its service area, and obtain approval of it from the Division of Water Resources.

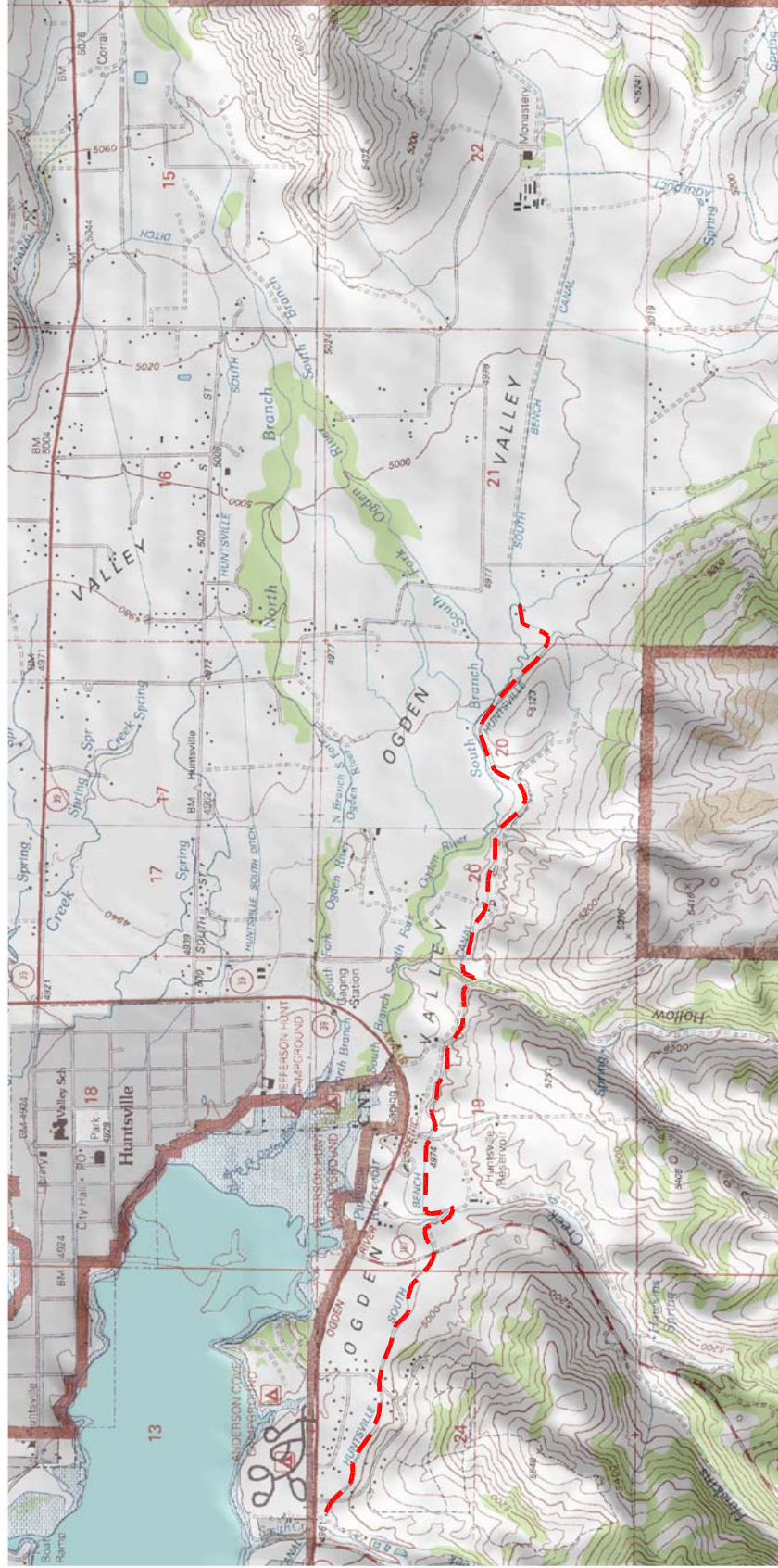
PROJECT
CONTACT
PEOPLE:

President:

Gregory Graves
P.O. Box 77
Huntsville, UT 84317
Phone: (801) 532-2520

Engineer:

J-U-B Engineers
466 North 900 West
Kaysville, UT 84037
Phone: (801) 547-0393

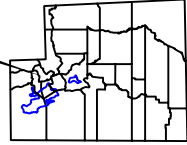


Project
Location

--- Proposed Pipeline

HUNTSMVILLE SOUTH BENCH CANAL COMPANY Canal Piping Project

Weber County



T6N, R1E, R2E

BOARD OF WATER RESOURCES

Feasibility Report

Conservation and Development Fund

Appl. No.: **E-170**
Received: 3/22/05
Approved: 4/29/05

To be Presented at the March 8, 2006 Board Meeting

SPONSOR: ***DIXIE DEER SPECIAL SERVICE DISTRICT***

Chairman: Robert Barrere

LOCATION: The proposed project is located in the town of Central, about 23 miles north of St. George in Washington County.

EXISTING
CONDITIONS
& PROBLEMS: The sponsor provides culinary water from a well to part of the town's north side, with 324 residential connections and one commercial (Dixie Deer Lodge). Of these, 10 connections are vacant, including the lodge, about 40 are weekend or summer residents, and the remaining are year-round residences. The development is about 60% built-out with an estimated 15 new homes/connections being completed yearly.

The sponsor's well yields about 166 gpm, which is stored in two above-ground steel tanks with capacities of 125,000 and 250,000 gallons. Because of the well's limited size it operates nearly continuously during peak demand in summer. Division of Drinking Water rules require community water systems serving more than 100 connections to develop a minimum of two sources.

PROPOSED
PROJECT: The sponsor is requesting financial assistance from the board to drill and equip a new culinary water well, 15 feet from the existing well. This will technically bring the system into compliance with Division of Drinking Water requirements. The new well is expected to produce 300 gpm. Engineering services are being provided by Bush & Gudgell, Inc.

The project fits in Prioritization Category 2
(municipal project required to meet existing or
impending need).

COST ESTIMATE: The following cost estimate is based on the
engineer's preliminary design and has been reviewed
by staff:

<u>Item</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Amount</u>
1.	Drill & Test Production Well	LS	\$215,000	\$215,000
2.	Permanent Pump	LS	65,000	65,000
3.	Pump Controls & Electrical	LS	30,000	30,000
4.	Well House	LS	13,000	13,000
5.	Meter, Control Valves, & Piping	LS	9,000	<u>9,000</u>
Construction Cost				\$332,000
Contingencies				33,000
Legal and Administrative				7,000
Design and Construction Engineering				<u>28,000</u>
TOTAL				\$400,000

COST SHARING
& REPAYMENT: The recommended cost sharing and repayment are:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$340,000	85%
Sponsor	<u>60,000</u>	<u>15</u>
TOTAL	\$400,000	100%

If the board authorizes the project, it is suggested
the bonded indebtedness of \$340,000 be repaid in 10
years at 5% interest with approximate annual payments
as follows (includes reserves):

<u>Years</u>	<u>Payment</u>
1-6	\$51,300
7-10	44,000

ECONOMIC
FEASIBILITY: The benefit of this municipal project is calculated
as the cost of implementing the best alternative
project that is capable of delivering the same
service. It has been determined there is no viable

alternative way to meet the sponsor's objectives and the Utah Division of Drinking Water's requirements. The b/c ratio is therefore considered to be 1.0.

FINANCIAL
FEASIBILITY:

Based on the board's current water service affordability guidelines, customers of the district could pay up to \$28.44 monthly for all water. The cost of water with the proposed project, based on 325 connections, is as follows:

	<u>Annual Cost</u>	<u>Cost/Conn/Mo</u>
Operation & Maintenance	\$ 36,000	\$ 9.23
Existing Drinking Water Board Loan	10,350	2.65
Proposed BWRe Loan	<u>55,800</u>	<u>14.30</u>
TOTAL	\$102,150	\$26.18

Current monthly water rates are \$25.00 for the first 12,000 gallons, \$0.50 per thousand gallons up to 15,000, and \$1.00 per thousand above that.

BENEFITS:

The proposed project will bring the sponsor's existing system into compliance with Drinking Water standards and give the sponsor more operational flexibility.

PROJECT
SPONSOR:

Dixie Deer Special Service District was created in 1979 to manage a water system initially installed by the developer of a new subdivision on the north side of the town of Central. The developer has since turned the system over to local management. The system is rated "approved" with the state Division of Drinking Water.

WATER RIGHTS
& SUPPLY:

The district's municipal water rights are:

<u>Source</u>	<u>WRNUM</u>	<u>Quantity (ac-ft)</u>
Well	81-3708	129.29
Well	81-3888	90.00

EASEMENTS:

Project easements lie entirely on land owned by the sponsor.

ENVIRONMENTAL:

No detrimental environmental effects are expected.

WATER As a condition of project funding, the district will
CONSERVTION: be required to institute an ordinance prohibiting
 outside watering from 10:00 a.m. to 6:00 p.m. and
 update its water conservation and management plan.

SPONSOR'S If the board authorizes the project the sponsor will
RESPONSIBILITIES: be required to make all arrangements to sell the
 board a revenue sharing bond, as well as verify it
 has adequate water rights and rights-of-way to
 construct the project. Upon authorization, a list of
 procedures and requirements necessary to close the
 loan will be furnished to the district.

PROJECT President: Robert Barrere
CONTACT 32 N. Butch Cassidy Trail
PEOPLE: Central, UT 84722
 Phone: (435) 574-2655

 Treasurer: Dina Jewell
 171 E. Rex Layne
 Central, UT 84722
 Phone: (435) 574-2655

 Engineer: Todd Edwards
 Bush & Gudgell, Inc.
 205 E. Tabernacle #4
 St. George, UT 84770
 Phone: (435) 673-2337

BOARD OF WATER RESOURCES

Feasibility Report

Conservation and Development Fund

Appl. No.: **E-190**
Received: 12/14/05
Approved: 2/3/06

To be Presented at the March 8, 2006 Board Meeting

SPONSOR: **MAGNA WATER COMPANY, AN IMPROVEMENT DISTRICT**

District Manager: Ed Hansen

LOCATION: The proposed project is located in the community of Magna in northwestern Salt Lake County.

EXISTING CONDITIONS The sponsor provides culinary water to about 7,800 connections from 12 wells in two well fields (Barton and Haynes) and with purchases from the Jordan Valley Water Conservancy District. The sponsor's storage consists of six tanks, with a total capacity of over 17 million gallons.

The sponsor's wells are close to or exceed the EPA's newly established maximum level of arsenic (10 ppm) with required compliance by January 2009. It also has a well near its west boundary that has been shut down due to the presence of perchlorate. The source of the contamination is from a nearby industrial plant.

Presently there are no EPA standards for perchlorate; however, the sponsor has adopted 5 parts per billion as its standard.

PROPOSED PROJECT: The sponsor is requesting financial assistance from the board to construct a five-million-gallon per day culinary water treatment facility to remove arsenic and perchlorate from its Barton well field, which will be blended with the Haynes well field to meet current arsenic standards. The perchlorate will be removed from all affected water.

Technical assistance is being provided by Carollo Engineers of Salt Lake.

The project fits in Prioritization Category 2 (municipal project required to meet existing or impending need).

COST ESTIMATE: The following cost estimate is based on the engineer's preliminary design and has been reviewed by staff:

<u>Item</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Amount</u>
1.	Site Work & Piping	1 LS	\$970,000	\$970,000
2.	Pumps	1 LS	330,000	330,000
3.	Buildings	1 LS	8,450,000	8,450,000
4.	Equipment	1 LS	4,680,000	4,680,000
5.	Electrical	1 LS	2,445,000	2,445,000
Construction Cost				\$16,875,000
Contingencies				1,695,000
Legal and Administrative				330,000
Design and Construction Engineering				2,100,000
TOTAL				\$21,000,000

COST SHARING & REPAYMENT: The recommended cost sharing and repayment are:

<u>Agency</u>	<u>Cost Share</u>	<u>% of Total</u>
Board of Water Resources	\$7,100,000	33.8%
Drinking Water (2.27%, 20 yr)	6,000,000	28.6
Federal Grants	2,700,000	12.8
Sponsor	5,200,000	24.8
TOTAL	\$21,000,000	100%

If the board authorizes the project, it is suggested the bonded indebtedness of \$7,100,000 be repaid in 30 years at 2% interest with annual payments beginning at approximately \$272,500 the first year and increasing to about \$419,000 the last.

The increase in payment is based on a 1.5% projected growth rate for Salt Lake County, obtained from the Governor's Office of Planning and Budget.

ECONOMIC
FEASIBILITY:

The project is required in order to achieve EPA water quality standards and there appears to be no viable option; therefore, the benefit/cost ratio is assumed to be 1.0.

FINANCIAL
FEASIBILITY:

Based on the board's water service affordability guidelines, Magna residents could pay up to \$33.33 monthly for water. The cost of water with the proposed project, based on 8,400 equivalent residential connections projected to be in place when repayments begin in 2008, is as follows:

	<u>Annual Cost</u>	<u>Cost/Conn/Mo</u>
Existing O&M	\$1,750,000	\$17.36
New O&M	1,100,000	10.91
Existing loans	208,000	2.06
New Drinking Water Loan	376,000	3.73
Proposed BWRe Loan	<u>272,500</u>	<u>2.70</u>
TOTAL	\$3,706,500	\$36.76

The sponsor recently raised monthly culinary water rates to \$11.45 for the first 6,000 gallons, \$1.04/1,000 gallons for the next 12,000, \$1.17/1,000 gallons for the next 17,000, and \$1.33/1,000 gallons above that. Residents are also assessed property tax by the district amounting to around \$135 annually (\$11.25/month) on a \$150,000 home.

BENEFITS:

Construction of the proposed culinary water treatment plant will bring the sponsor in compliance with the EPA's new arsenic regulations and enable it to remove perchlorate from its water supply.

PROJECT
SPONSOR:

The sponsor provides culinary water service, limited secondary water service and sewage treatment to the community of Magna and a portion of West Valley City (area from 2100 to 4100 South, and 5600 to 9200 West). It has experienced an annual growth rate of about 3.5% the past few years.

The board provided \$1 million to the sponsor in the late 1990's to make improvements to its culinary water system, which is being repaid in 15 years at 3% interest with annual payments escalating to a final payment of approximately \$168,000 in 2013. The sponsor also received nearly \$1.2 million in 2003 for the first phase of its secondary irrigation system,

which is being purchased from the board over 25 years at 1% interest with payments of approximately \$53,400.

WATER RIGHTS
& SUPPLY:

The sponsor obtains culinary water from its two well fields with a total capacity of 8,050 gpm, and a connection to the Jordan Valley Water Conservancy District system from which it obtains a minimum of 800 acre-feet annually.

It also has water rights for several drains (WRNUMs 59-4802 and 3598), eight cfs from its wastewater treatment plant (WRNUM 59-1004), and canal water shares turned over to it by developers.

EASEMENTS:

The sponsor owns the property on which the proposed treatment plant will be located.

ENVIRONMENTAL:

The treatment plant will be constructed within the sponsor's Barton well field. As part of the process to obtain federal funding, an Environmental Assessment was made and a "Finding of No Significant Impact" (FONSI) was issued.

WATER
CONSERVATION:

The sponsor will be required to review and update its water management plan and obtain approval of it from the Division of Water Resources.

SPONSOR'S
RESPONSIBILITIES:

The district will be required to make all arrangements to sell the board a general obligation bond, as well as verify it has adequate water rights and rights-of-way to construct the project. If the project is authorized, a list of procedures and requirements necessary to close the loan will be furnished to the district.

PROJECT
CONTACT
PEOPLE:

District Manager:

Ed Hansen

2711 South 8600 West

Magna, UT 84044

Phone: (801) 250-2118

Engineer:

Carollo Engineers

1265 E. Fort Union Blvd, Ste 200

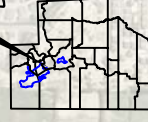
Salt Lake City, UT 84047

Phone: (801) 233-2500



MAGNA WATER COMPANY
an Improvement District
Proposed Culinary Water Treatment Plant
Salt Lake County

Project
Location



T1S; R2W; Sec 22

Scale in Feet



BOARD OF WATER RESOURCES

Committal of Funds

Revolving Construction Fund

Appl. No.: **E-183**
Received: 9/14/05
Approved: 9/30/05
Authorized: 2/3/06

To be Presented at the March 8, 2006 Board Meeting

SPONSOR: **PAROWAN SOUTH FIELD, INC.**

President: Larry A. Pendleton
600 North 45 West
P.O. Box 639
Parowan, UT 84761
Phone: (435) 477-8880

LOCATION: The proposed project is located in and south of the Town of Parowan, about 16 miles north of Cedar City in Iron County.

PROJECT SUMMARY: The sponsor's earthen ditch system was washed out by heavy runoff this past spring. The sponsor is replacing the ditch system with a pressurized sprinkle irrigation system.

COST ESTIMATE & SHARING: The proposed cost estimate and sharing remain the same as authorized:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$328,000	85%
Sponsor	<u>58,000</u>	<u>15</u>
TOTAL	\$386,000	100%

PURCHASE AGREEMENT: If the board commits funds to the project, it is proposed the purchase agreement remain as authorized: the project will be purchased with annual payments of \$24,700 at 0% interest over approximately 14 years.

BOARD OF WATER RESOURCES

Special Item

Feasibility Report & Committal of Funds

Revolving Construction Fund

Appl. No.: **E-197**

Received: 2/2/2006

Approved: 3/8/2006

To be Presented at the March 8, 2006, Board Meeting

SPONSOR: **SEVIER VALLEY CANAL COMPANY**

President: Russell Christensen

LOCATION: The proposed project is located about two miles south of the community of Joseph in Sevier County.

EXISTING CONDITIONS & PROBLEMS: The sponsor delivers water to its shareholders through the Sevier Valley Canal (capacity 460 cfs), irrigating nearly 7,000 acres of farmland and some lawns and gardens in Richfield. The Sevier Valley Canal is also used by the Piute Reservoir and Irrigation Company and Joseph Canal Company to provide water to an additional 11,000 acres of farmland.

The diversion structure, on the Sevier River, was originally built in 1915 and rebuilt in 1985. It has had several operational problems, and flooding in 2005 aggravated these problems to the point that repairs must now be completed to reduce the risk of the structure failing. A significant amount of foundation material has washed out from beneath the structure, causing structural damage and affecting the operation of the main sluicing radial gate.

The sponsor applied last summer for FEMA funding, but was denied because it is a private water company.

PROPOSED PROJECT: The Sevier Valley Canal Company is requesting financial assistance from the board to repair the

diversion structure. It anticipated making these repairs before spring runoff began (mid-March); however, the Upper Sevier River Commissioner recently informed the sponsor the river's reservoirs will likely be full by mid-February and the river will be flowing high. The sponsor has completed some of the work that needs to be done, including the placement of concrete under the structure, straightening of a wall that has settled so the 12-foot radial gate is operational, drilling holes in the floor of the 12-foot radial gate, and grouting and pumping concrete to fill voids. The smaller, east gate, which has rusted through, is also being refurbished. Construction of a sheet piling wall, upstream concrete floor, additional grouting, and installation of a gate actuator will have to wait until fall. Technical assistance is being provided by Franson Noble Engineering in American Fork.

The project fits in Prioritization Category 1 (projects which involve public health problems, safety problems, or emergencies.)

COST ESTIMATE: The following cost estimate is based on the engineer's design and has been revised by staff:

<u>Item</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Amount</u>
1.	Mobilization	LS	\$ 2,000	2,000
2.	Dewatering	LS	20,000	20,000
3.	Replace Riprap	LS	2,000	2,000
4.	Sheet Piling	1,200 SF	50	60,000
5.	Concrete	55 CY	300	16,500
6.	Grouting	LS	6,000	6,000
7.	Gate Actuator	LS	12,000	12,000
	Fall 2006 Repairs Total			118,500
	Spring 2006 Repairs Total			56,500
	Construction Cost			175,000
	Contingencies			17,500
	Legal and Administrative			6,000
	Design and Construction Engineering			31,500
	TOTAL			\$230,000

COST SHARING
& REPAYMENT:

The recommended cost sharing and repayment are:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$195,500	85
Sponsor	<u>34,500</u>	<u>15</u>
TOTAL	\$230,000	100%

If the board authorizes the project, it is suggested it be purchased at 0% interest over 10 years with annual payments of about \$19,600.

BENEFITS:

This project is necessary for the sponsor to continue to divert water from the Sevier River to its shareholders.

PROJECT
SPONSOR:

The Sevier Valley Canal Company, presently registered in good standing with the state Department of Commerce, began providing irrigation water in the late 1800s and was incorporated on December 22, 1936. The company irrigates 4,280 acres of land and has 6,967 shares of stock, with an annual assessment of \$9.00/share.

The sponsor has not received funding from the board in the past; however, the Piute Reservoir & Irrigation Company did receive assistance from the board in 1985 to add a sluicing structure to the diversion structure. That assistance has been returned.

The sponsor has an agreement with Piute Reservoir & Irrigation Company and Joseph Canal Company to maintain the diversion structure and canal, and to assess each company for a portion of expenditures. The sponsor's assessment is 23%, Piute Reservoir and Irrigation Company's assessment is 69%, and Joseph Canal Company's assessment is 8%. The sponsor and other two companies will each need to raise assessments about \$1.00/share to pay for the project.

WATER RIGHTS
& SUPPLY:

The sponsor's water rights are varied and complex as described by the Cox Decree. The following list shows several water rights, but they are supplemental to each other as well as several other rights.

<u>Source</u>	<u>WRNUM</u>	<u>Quantity (cfs)</u>
Sevier River	61-2065	4.00
Sevier River	63-2812	3.14
Sevier River	63-2813	4.00
Sevier River (high flow)	63-3011	50.00
Sevier River (high flow)	63-3012	60.00
Sevier River (high flow)	63-3013	67.883
Sevier River (high flow)	63-3015	63.14
North Creek	63-3074	1,000 ac-ft

ENVIRONMENTAL: The river will be diverted during the winter and fall months when flows are low; no long-term environmental impacts are expected.

WATER
CONSERVATION: As a condition of funding, the sponsor will be required to complete a water management and conservation plan.

SPONSOR'S
RESPONSIBILITIES: If the board authorizes the proposed project, the sponsor must do the following before construction can begin:

1. Obtain a stream alteration permit from the State Engineer.
2. Obtain all easements, rights-of-way, and permits required to construct, operate, and maintain the project.
3. Pass a resolution by the appropriate (as defined in the company's Articles of Incorporation and Bylaws) majority of company stock authorizing its officers to do the following:
 - a. Assign properties and easements required for the project to the Board of Water Resources.
 - b. Enter into a contract with the Board of Water Resources for construction of the project and subsequent purchase from the Board.
4. Have an attorney give the Board of Water Resources a written legal opinion that:
 - a. The company is legally incorporated for at least the term of the purchase contract and is

in good standing with the state Department of Commerce.

b. The company has legally passed the above resolution in accordance with the requirements of state law and the company's Articles of Incorporation and Bylaws.

c. The company has obtained all permits required for the project.

5. Have an attorney give the Board of Water Resources a written legal opinion that:

a. The company owns all easements and rights-of-way for the project, as well as the land on which the project is located, and that title to these easements, rights-of-way, and the project itself can be legally transferred to the Board.

b. The company's water rights applicable to the project are unencumbered and legally transferable to the Board of Water Resources, and that they cover the land to be irrigated by the project.

In lieu of an attorney's opinion, the company may obtain a title insurance policy in the name of the Board of Water Resources for the easements, rights-of-way, land, and water rights necessary for the project.

6. Obtain approval of final plans and specifications from the Division of Water Resources and Division of Water Rights.

STAFF COMMENTS: The sponsor has already begun emergency repairs to the diversion structure and would like to finish as soon as possible. Staff therefore recommends that if the board authorizes the project, it also consider committing funds.

PROJECT
PEOPLE:

President:

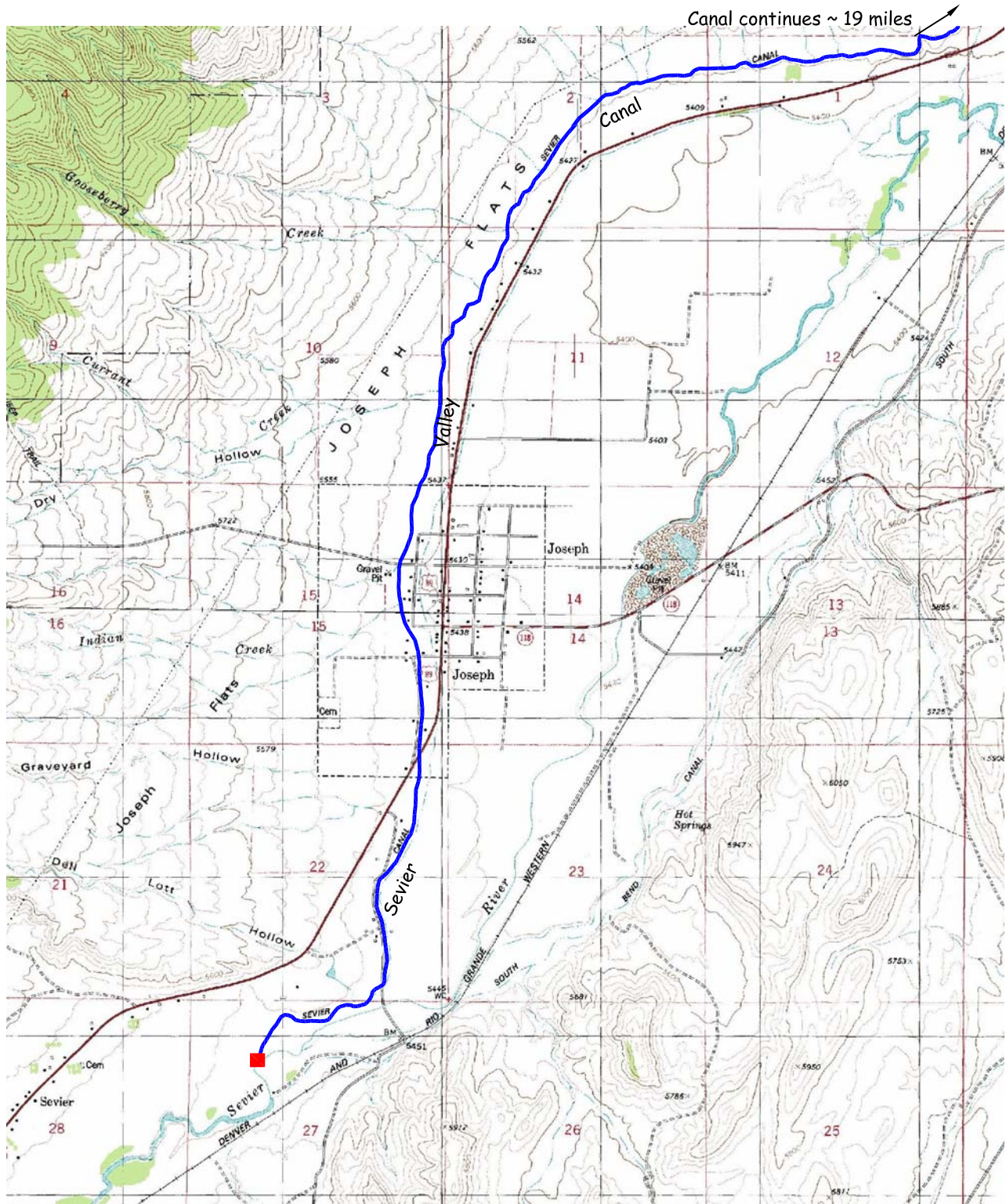
Russell Christensen
3020 South 900 West
Richfield, UT 84701
Phone: (435) 896-4376

Secretary

Morgan Busk
1180 West 1650 South
Richfield, UT 84701
Phone: (435) 896-5776

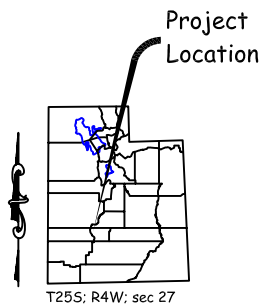
Engineer:

Franson Noble Engineering
1276 South 820 East, # 100
American Fork, UT 84003-9773
Phone: (801) 756-0309



Scale in Feet
0 3000 6000

■ Proposed Diversion Structure Repairs



SEVIER VALLEY CANAL COMPANY
Proposed Diversion Structure Repairs
Sevier County

BOARD OF WATER RESOURCES
Feasibility Report and Committal of Funds
Revolving Construction Fund

Appl. No.: **E-192**
Received: 12/21/05
Approved: 2/3/06

To be Presented at the March 8, 2006 Board Meeting

SPONSOR: **MELVILLE IRRIGATION COMPANY**

President: Clyde Bunker

LOCATION: The proposed project is located near the western city limits of Delta in Millard County.

EXISTING CONDITIONS PROBLEMS: Melville Irrigation Company supplies flood irrigation to 9,116 acres of farmland located in and around Delta. Through the years the company has lined most of its canals with plastic and concrete to decrease seepage and increase system efficiency and ease of operation. The majority of the main canals have been lined, with only a 30 cfs canal and two 15 cfs laterals remaining unlined.

The unlined canals are difficult to manage and the banks have deteriorated requiring continual maintenance. The unlined canals lose an estimated 375 acre-feet of their flows to seepage and phreatophytes.

PROPOSED PROJECT: The sponsor is requesting financial assistance from the board to concrete-line approximately 1.3 miles of canal and laterals serving approximately 440 acres. Technical assistance is being provided by the Natural Resources Conservation Service (NRCS) in Fillmore.

The project fits in Prioritization Category 3 (agricultural project that will provide significant economic benefit to the area).

COST ESTIMATE: The following cost estimate was prepared by the NRCS and reviewed by division staff:

<u>Item</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Amount</u>
1.	30 cfs Canal Lining	3,280 LF	\$22.50	\$ 73,800
2.	15 cfs Lateral Lining	3,500 LF	17.20	60,200
3.	Gates	8 EA	1,400	11,200
4.	Culvert	100 LF	35.00	<u>3,500</u>
Construction Cost				\$148,700
Contingencies				14,900
Legal and Administrative				<u>6,400</u>
TOTAL				\$170,000

COST SHARING & REPAYMENT: The recommended cost sharing and repayment are:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$127,500	75%
Sponsor	<u>42,500</u>	<u>25</u>
TOTAL	\$170,000	100%

If the board authorizes the project, it is suggested it be purchased with annual payments of \$8,500 at 0% interest over approximately 15 years.

FINANCIAL FEASIBILITY: Benefits from installing the project will be the value of renting 375 acre-feet of agricultural water at \$60/share annually, plus savings in ditch maintenance costs:

Annual Benefit of Water Savings	\$10,700
Annual Reduction of Ditch O&M	1,300
Less Estimated Project O&M	<u>(300)</u>
ANNUAL NET BENEFIT	\$11,700

With the proposed board plus grant share of the project being 75%, it is suggested the sponsor's repayment ability be calculated as approximately 75% of the annual benefit, or about \$8,800 per year. This is equivalent to about \$0.97 per acre.

BENEFITS: The proposed project will completely concrete line all the sponsors large canals, reduce canal

maintenance and save an estimated 375 acre-feet annually.

PROJECT
SPONSOR:

The Melville Irrigation Company was incorporated on August 13, 1906, and is presently registered in good standing with the state Department of Commerce. The company distributes water through 33 miles of canals and ditches to 175 shareholders irrigating farms and 40 shareholders using their water on city lots. IPP is the largest shareholder with 1701 shares of stock. The 40-year average allotment is 2.1 ac-ft/share-year, with one share allotted per acre.

The sponsor also participates with other area irrigation companies in joint ventures: Delta, Melville, Abraham and Deseret irrigation companies, known jointly as DMAD.

Melville has received financial assistance from the board several times in the past for various canal-lining and DMAD projects.

WATER RIGHTS
& SUPPLY:

The sponsor has two major water rights. The first is described in the Cox Decree as 28-1/3% of the first 104,000 acre-feet of storage in the Sevier River Bridge Reservoir. The second is right 68-475 for eight wells associated with the DMAD reservoir system, of which the sponsor is part owner of the 25,556.2 acre-feet allotted to the wells. The board currently holds title to these water rights for previous financial assistance.

EASEMENTS:

The proposed canal linings will be installed within the existing canal easements.

ENVIRONMENTAL:

The proposed project is not expected to have any detrimental effects on the environment beyond the usual dust and noise of the construction phase.

WATER
CONSERVATION:

The project will develop approximately 375 acre-feet annually.

SPONSOR'S
RESPONSIBILITIES:

If the board authorizes the proposed project, the sponsor must do the following before construction can begin:

1. Obtain all easements, rights-of-way, and permits required to construct, operate, and maintain the project.
2. Pass a resolution by the appropriate (as defined in the company's Articles of Incorporation and Bylaws) majority of company stock authorizing its officers to do the following:
 - a. Assign properties and easements required for the project to the Board of Water Resources.
 - b. Enter into a contract with the Board of Water Resources for construction of the project and subsequent purchase from the board.
3. Have an attorney give the Board of Water Resources a written legal opinion that:
 - a. The company is legally incorporated for at least the term of the purchase contract and is in good standing with the state Department of Commerce.
 - b. The company has legally passed the above resolution in accordance with the requirements of state law and the company's Articles of Incorporation and Bylaws.
 - c. The company has obtained all permits required for the project.
4. Have an attorney give the Board of Water Resources a written legal opinion that:
 - a. The company owns all easements and rights-of-way for the project, as well as the land on which the project is located, and that title to these easements, rights-of-way, and the project itself can be legally transferred to the board.
 - b. The company's water rights applicable to the project are unencumbered and legally transferable to the Board of Water Resources, and that they cover the land to be irrigated by the project.

In lieu of an attorney's opinion, the company may obtain a title insurance policy in the name of the Board of Water Resources for the easements, rights-

of-way, land, and water rights necessary for the project.

5. Obtain approval of final plans and specifications from the Division of Water Resources.

6. Update its water management and conservation plan for its service area, and obtain approval of it from the Division of Water Resources.

STAFF
COMMENTS:

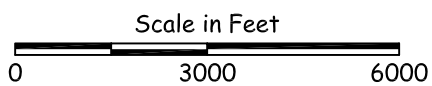
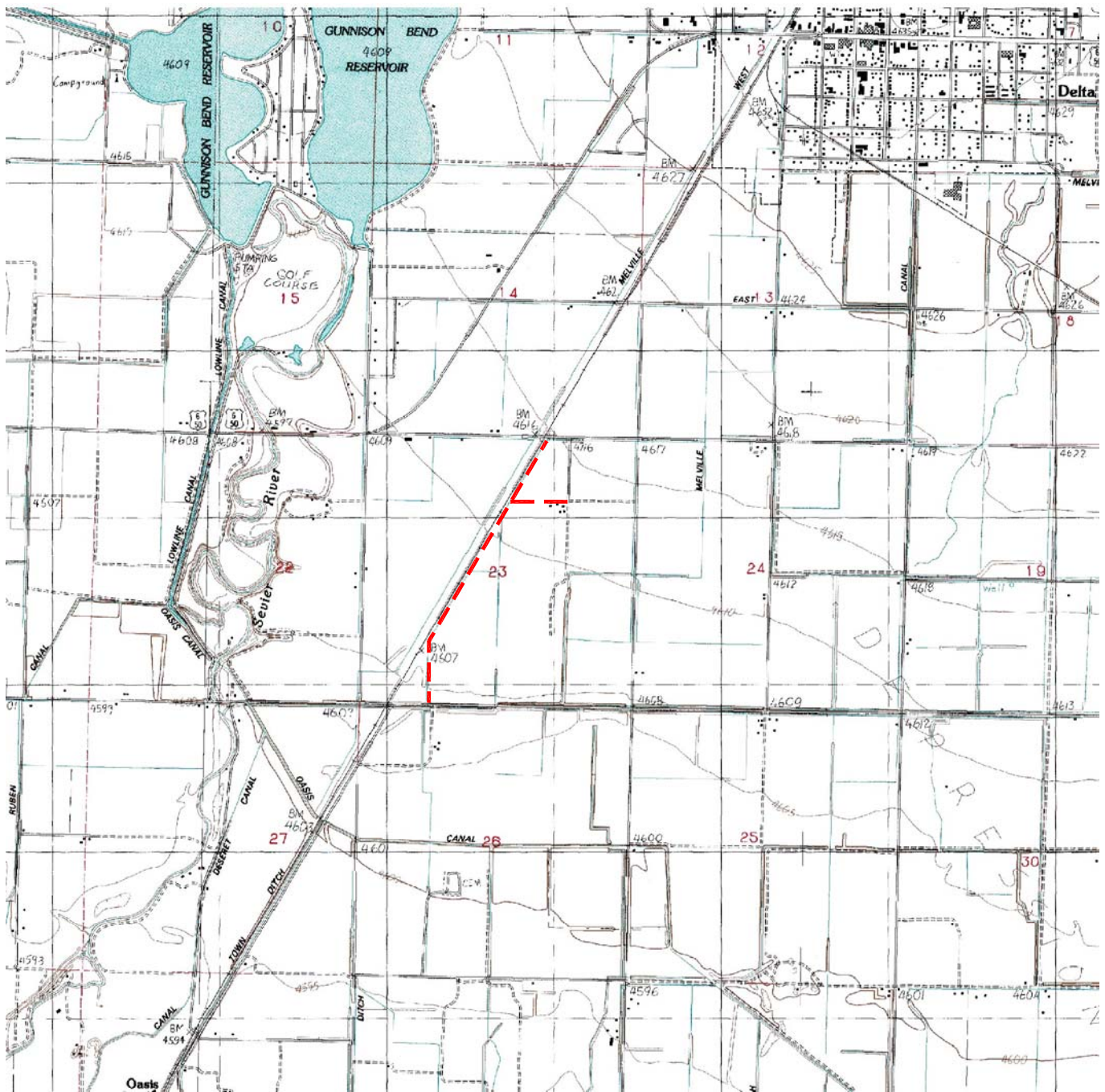
The sponsor and the NRCS have completed a majority of the sponsor's requirements and would like to begin construction of the project this spring. Staff recommends that if the board authorizes the project, it also consider committing funds.

PROJECT
CONTACT
PEOPLE:

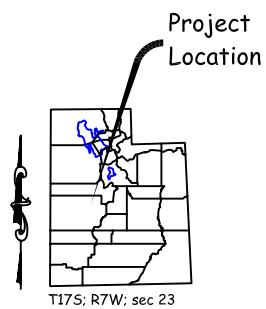
President: Clyde L. Bunker
1675 North 1250 West
Delta, Utah 84624
Phone: (435) 864-2575

Secretary: Dean Anderson
100 North 1000 West
Delta, Utah 84624
Phone: (435) 864-2494

Engineer: NRCS
88 North Main Street
P.O. Box 506
Fillmore, Utah 84631
Phone: (435) 743-6655



--- Proposed Concrete Canal Lining



MELVILLE IRRIGATION COMPANY Concrete Canal Lining Project Millard County

BOARD OF WATER RESOURCES

Special Item

Contract Amendment - Additional Funds

Conservation and Development Fund

Appl. No.: **E-132**
Received: 2/4/04
Approved: 3/11/04
Authorized: 8/13/04
Committed: 1/28/05

To be Presented at the March 8, 2006 Board Meeting

SPONSOR: **LEEDS WATER COMPANY**

President: Ned Sullivan
P.O. Box 460970
Leeds, UT 84746
Phone: (435) 879-2589

LOCATION: The proposed project is located west of and within the town of Leeds, about 16 miles northeast of St. George in Washington County.

PROJECT SUMMARY: In January, 2005, the board committed just over \$1 million towards a pipeline to replace two miles of transmission ditch, and install about five miles of distribution pipeline in town to provide gravity pressurized irrigation. Delays and studies associated with obtaining a Forest Service permit for the upper part of the project have resulted in an increase in project cost. Also, the sponsor now wishes to include a filter station that will clean the water before it reaches turnouts on the system. This will necessitate the inclusion of several pressure regulating valves (PRV).

COST ESTIMATE & SHARING: The cost estimate and sharing of the committed funding package and the proposed project,

which includes a filtering system and PRV stations and reflects increases in prices, are as follows:

<u>Agency</u>	<u>Committed Cost Share</u>	<u>% of Total</u>	<u>Proposed Cost Share</u>	<u>% of Total</u>
BWRE	\$1,006,000	89%	\$1,200,000	89%
Sponsor	<u>125,000</u>	<u>11</u>	<u>150,000</u>	<u>11</u>
TOTAL	\$1,131,000	100%	\$1,350,000	100%

PURCHASE
AGREEMENT:

The sponsor's current agreement with the board requires the project be purchased in 30 years at 1% interest with payments of approximately \$39,000. If the board commits additional funds to the project, it is proposed the agreement be amended to provide an additional \$194,000 and to state the sponsor will return the \$1,200,000 over 30 years at 1% interest with annual payments of approximately \$39,000 the first five years, with payments increasing 1.66% each year thereafter to a final payment of about \$59,000.

BOARD OF WATER RESOURCES

Special Item

Request for Parity

Revolving Construction Fund

Appl. No.: **E-173**
Received: 4/29/05
Approved: 6/10/05
Authorized: 9/30/05

To be Presented at the March 8, 2006 Board Meeting

SPONSOR: **CUB RIVER IRRIGATION COMPANY**

President: Gale Moser
1864 Hulls Crossing
Preston, ID 83263
Phone: (208) 852-0560

LOCATION: The proposed project is located about a mile south of Whitney, Idaho, about four miles north of the Cache County-Idaho border.

PROJECT DESCRIPTION: Last September the board authorized funding for the sponsor to replace its Upper Canal with about nine miles of gravity-pressurized PVC pipeline.

COST ESTIMATE & SHARING: The authorized cost estimate and sharing are:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$ 680,000	55.0%
Idaho Board of Water Resources	500,000	40.5
Sponsor	<u>56,000</u>	<u>4.5</u>
TOTAL	\$1,236,000	100%

SUMMARY: The board assisted the sponsor with six projects in the past and holds title to the irrigation system and water rights. Five of the projects have been "paid-off" and the sixth project has a current principal

balance of \$13,414.30, which is being repaid at \$6,900 annually at 0% interest through 2007.

The Idaho Board of Water Resources will provide \$500,000 of the funding for the proposed project; its security requirements are basically the same as the board's.

SPONSOR'S
REQUEST:

Since the board already holds the sponsor's security, the sponsor requests that the Idaho Board of Water Resources loan be on parity with the existing and proposed board loans. This arrangement would meet the Idaho Board of Water Resources requirements.

STAFF
COMMENTS:

If the board approves this request, staff recommends documentation be prepared by the sponsor's attorney and be subject to approval by the board's legal counsel. It is understood that the parity issue would only be activated in event of default by the sponsor and would be pro-rated with respect to loan balances.

BOARD OF WATER RESOURCES

Special Item

Contract Amendment - Additional Funds

Revolving Construction Fund

Appl. No.: **D-730**
Received: 2/20/90
Approved: 3/1/90
Authorized: 3/13/97
Reauthorized: 1/30/04
Committed: 3/11/04

To be Presented at the March 8, 2006 Board Meeting

SPONSOR: **MOSBY IRRIGATION COMPANY**

President: Brian O. Murray
P.O. Box 72
Lapoint, UT 84039
Phone: (435) 247-2519

LOCATION: The project is located about two miles northeast of Lapoint in Uintah County.

SUMMARY: In January 2004, Mosby Irrigation Company came before the board requesting financial assistance for construction of Red Wash Reservoir and also requesting it be allowed to perform the construction using its own forces. The cost estimate prepared by the sponsor and its engineer was for \$3,600,000, with the board's cost share at \$2,800,000. The board reauthorized that amount and allowed the sponsor to perform the project construction. Funds were committed in March 2004.

The sponsor was not able to mobilize until July 2004, which delayed the project. Dam excavation was deeper and grouting took longer than anticipated, and the work was not completed as quickly as the sponsor estimated. Grouting costs were \$510,000 over the original cost estimate. Equipment, fuel, and labor

costs have more than doubled. It is now anticipated the sponsor will not finish the project until the fall of 2007, resulting in increased inspection and engineering costs.

The total estimated cost of reservoir construction is now \$8,000,000. The sponsor requests additional funds from the board to help pay for the remainder of the project.

COSTS &
COST SHARING:

The contracted and proposed cost sharing are:

<u>Agency</u>	<u>Contracted Cost Sharing</u>	<u>% of Total</u>	<u>Proposed Cost Sharing</u>	<u>% of Total</u>
BWRe	\$2,800,000	77.8%	\$6,400,000	80.0%
Uintah WCD	150,000	4.2	150,000	1.9
CUWCD (Grant)	130,000	3.6	130,000	1.6
Sponsor	520,000	14.4	1,320,000	16.5
TOTAL	\$3,600,000	100%	\$8,000,000	100%

PURCHASE
AGREEMENT:

If the board commits funds to the project, it is suggested the agreement be amended to provide an additional \$3,600,000 and to state the sponsor will return the \$6,400,000 over 60 years at 0% interest with annual payments as follows:

<u>Payment No.</u>	<u>Amount</u>
1 to 5	\$ 40,000
6 to 11	45,000
12 to 16	70,000
17 to 21	80,000
22 to 26	90,000
27 to 31	100,000
32 to 36	110,000
37 to 41	125,000
42 to 46	140,000
47 to 51	165,000
52 to 60	170,000

STAFF COMMENTS: The sponsor is presently using four haul trucks, a track hoe, cat, and cat-pulled sheepsfoot roller, as opposed to traditional scrappers and sheepsfoot rollers, to transport and place embankment material. It alternates the placement of fill from the upstream to the downstream sides of the dam to prevent contamination of the chimney drain, placing fill for about a week on each side. Consequently,

construction has been slower than using traditional methods, increasing placement and inspection costs. Staff recommends the sponsor bid the remainder of the project. A competitive bid could reduce the remaining construction costs.

Unapproved
BOARD OF WATER RESOURCES
BRIEFING MEETING
February 3, 2006

Room 314
Department of Natural Resources Building
1594 West North Temple
Salt Lake City, Utah

Board of Water Resources
Briefing Meeting
February 3, 2006
9:00 a.m.
DNR Building Room 314

BOARD MEMBERS:

Ivan Flint
Brad Hancock
Warren Peterson
Blair Francis
John Carman
Paul McPherson
Harold Shirley

STAFF MEMBERS:

Larry Anderson, Director
Eric Millis, Asst. Director
Todd Adams, Chief Hydrology and Computer Applications
Val Anderson, Chief Investigations
Geralee Murdock, Administrative Secretary

Darin Bird, DNR Deputy Director
Mike Styler, DNR Executive Director

Welcome/Chair's Report

Chair Ivan Flint welcomed everyone to the meeting. Mr. Flint said he had the privilege of attending the budget hearing for the Division of Water Resources. Larry Anderson gave a presentation. Director Anderson said it was an interesting process this year.

Legislative Report

Eric Millis handed out material regarding the bills that were before the legislature. He said there were a lot of bills regarding water. He discussed the five bills that were of most interest to the Board and Division.

House Bill 45 is the Bear River Development Act. The bill principally allows the division to spend money on pre-construction activities before 70% of the water is sold, if the Legislature appropriates funds for these activities. Mr. Millis said it went through the House with very little opposition. It has been entered into the Senate.

House Bill 47 removes the cap on the 1/16% sales tax, and appropriates funds for pre-construction activities on the Lake Powell Pipeline and Bear River Development projects. This bill has seen wide support and has been approved in the House and is now in the Senate. The way the bill is written is 94% of the difference between the existing cap and the uncapped amount would come to the Conservation and Development Fund.

Senate Bill 27 is the Lake Powell Pipeline bill. This bill authorizes the Lake Powell Pipeline as a state project and allows the Board and Division to begin pre-construction activities, if the Legislature appropriates funds. It has passed both the Senate and the House without any opposition.

Senate Bill 39 is the General Fund Surplus Appropriation for Water Development Projects. This bill is on Monday's agenda for the Senate Natural Resources Agriculture and Environment Standing Committee. This bill would take 25% of any general fund surplus after required expenditures are made, and put it in the Conservation and Development Fund.

Senate Bill 111 allows water conservancy districts, in particular Central Iron County Water Conservancy District (CIWCD), to raise tax levies. This will allow CIWCD to prepare financially for the Lake Powell Pipeline. This puts the district on the same par as Washington and Kane County Water Conservancy Districts.

Warren Peterson commended Eric for doing a very thorough job.

Director Anderson said the division was asking for a building block for stream gages. It will take \$76,000 to reestablish the stream gages that have been cut off over the years. The legislative analyst recommended it be approved as one-time money. Mr. Anderson said the division wouldn't do it for one year – the funding needs to be an ongoing source. Darin Bird said many in the legislature feel the surplus is just a bubble.

Seven Basin States' Meetings

Director Anderson said the Seven Colorado River Basin States met in Las Vegas on January 30 and 31 to finalize an alternative for the Secretary of Interior to use in the upcoming Environmental Impact Statement being prepared by the Bureau of Reclamation on coordinated operations of Lakes Powell and Mead and Lower Basin shortage guidelines in times of drought. The Upper Basin States reached consensus on the agreement earlier than the Lower Basin States. The Lower Basin States were arguing among themselves for some time, however an agreement was reached by noon on Tuesday, January 31.

The main benefit to all of the states is costly long-term litigation on the River will be avoided which provides the Upper Basin States an additional 20 years to develop their unused Colorado River allocation. We, in Utah were concerned about the impact the agreement could have on recreation and power generation. The outcome was a slight improvement in both recreation and power generation.

Department Director, Mike Styler, came into the meeting and said the Governor and Lt. Governor were impressed with the efforts made by the Seven States, and expressed appreciation to Director Anderson for his efforts in behalf of the state of Utah. Mr. Styler said this is an historic document and gives time to do the things needed to be done. He said Director Anderson has been in the middle of these negotiations and has been an anchor for all these folks. This agreement is the result and it is appreciated. Chair Flint said it isn't hard to see how devoted Mr. Anderson is. He does a great job. Director Anderson said it took a lot of people working hard to come to this point, but only time will tell if we were successful.

Discussion of Projects

Spanish Fork South Irrigation Company

Val Anderson said the company is requesting financial assistance to replace 1,500 feet of concrete-canal lining. A grant has been received from the Strawberry Water Users in the amount of \$30,000. The company is requesting \$29,500 (42.1%) from the Board. The company also requests the work completed last fall be counted towards the grant portion of the project. Paul McPherson said it is a pretty simple project.

Fountain Green Irrigation Company

Val Anderson said the company's system primarily comes from three wells, all of which are old and inefficient. The company is requesting technical and financial assistance from the Board to design and construct a new well near the upper end of the system. The company is requesting \$221,00 (85%) to be returned in 20 years. Paul McPherson said their system is real dilapidated. They need help.

North Creek Irrigation Company

Mr. Anderson said the company has a 400 acre-foot reservoir located on Blue Lake Creek. The company is requesting financial assistance to replace the deteriorating spillway at Blue Lake Dam, classified as moderate hazard. The total estimated cost is \$320,000. The Board is requested to provide 90% (\$288,000). The company is not receiving any real benefit from the project.

Provo River Water Users

The sponsor is requesting financial assistance to replace the Provo Reservoir Canal with 21.5 miles of 120-inch steel pipe, increasing its capacity to 550 cfs throughout. The project will serve an estimated 126,000 residential connections from Utah County to Salt Lake County. The sponsor and the Central Utah Water Conservancy District (CUWCD) are presently facing the loss of approximately 8,000 acre-feet due to a jeopardy decision regarding the June Sucker

located in the lower Provo River. The CUWCD has agreed to provide 50% of the cost of a canal enclosure project in exchange for the water saved from seepage and evaporation, contingent on the project being built by 2016. The sponsor is requesting \$60 million (44.8%). It is suggested it be repaid at 4.2% interest with annual payments of \$4.120 million for about 23 years.

Warren Peterson declared a conflict of interest as he is the Provo River Water Users legal counsel. John Carman, after considerable discussion, also felt he should declare a conflict of interest because of his past involvement and perhaps future involvement in the project.

Hooper Irrigation Company

Ivan Flint said it is a good project. The company is requesting committal of funds. Val Anderson said there were no changes in the project since authorization.

Kanab Irrigation Company

The company is requesting a recommittal of funds. With construction changes the project cost is reduced to \$200,000.

West Panguitch Company

The company is requesting an amendment to its contract as the final design was not completed until December 2005. Project modifications plus rising pipe prices resulted in a construction delay and an increased project cost of \$547,000.

East Carbon City

East Carbon is requesting the city's current debt be restructured by reducing the interest rate. Staff recommends the interest rate be reduced to 2.5%, and the time period of both bonds extended to 20 years. This action is contingent upon the other two state agencies approval of restructuring their debts.

Parowan South Fields Inc.

The project is now only just for authorization as the company could not complete the requirements necessary for committal of funds. The company is requesting financial assistance to replace its damaged ditch system with a pressurized sprinkle irrigation system. The project is estimated to cost \$386,000.

Dam Safety Construction

Enterprise Dam

The company is requesting increased funding to cover increased cost - \$200,000 to \$400,000. This will make a grant of \$380,000 and a loan of \$20,000 to be repaid in 10 years.

Meeting adjourned at 11:50 a.m.

Unapproved
MINUTES OF THE
BOARD OF WATER RESOURCES MEETING
February 3, 2006

Auditorium
Department of Natural Resources Building
1594 West North Temple
Salt Lake City, Utah

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SUMMARY OF BOARD ACTIONS

1. The Minutes of the December 9 2005 Board meetings were approved as prepared. page 1
2. The Board authorized the Spanish Fork Irrigation Company project in the amount of \$29,500 (42.1%) to be returned with annual payments of \$2,950 at 0% interest over approximately 10 years. page 2
3. The Fountain Green Irrigation Company project was authorized in the amount of \$221,000 (85%) to be returned with annual payments of \$11,050 at 0% interest over approximately 20 years. page 2
4. The Board authorized the North Creek Irrigation Company project in the amount of \$288,000 (90%) to be returned with annual payments of \$11,600 at 0% interest over approximately 25 years. page 3
5. The Provo River Water Users Association project was authorized in the amount of \$60 million (44.8%) to be repaid at 4.2% interest with annual payments of \$4,120 million for about 23 years. page 4
6. Funds were committed to the Hooper Irrigation Company from the C&D fund in the amount of \$595,000 (85%) to be returned in 20 years at 3% interest with an escalating repayment schedule. page 4
7. The Board recommitted funds to the Kanab Irrigation Company in the amount of \$150,000 (75%) to be returned at 0% interest over approximately 20 years with annual payments of \$7,500. page 5
8. The West Panguitch Irrigation & Reservoir Company's contract was amended to commit an additional \$53,000 making a total of \$265,000 to be returned over a 21-year period at 0% interest with the first payment beginning in December 1, 2007 at \$9,000, the second payment at \$11,000 and the subsequent payments at \$13,000. page 5
9. The New Escalante Irrigation Company project was withdrawn from further consideration by the Board. page 5
10. The East Carbon City's projects were tabled until a further analysis can be made. The city needs to then meet with the Water Development Coordinating Council for further decision before it comes back to the Board for further consideration. page 7
11. The Board authorized the Parowan South Fields, Inc. in the amount of \$328,000 (85%) to be purchased with annual payments of \$24,700 at 0% interest over approximately 14 years. page 7

SUMMARY OF BOARD ACTIONS CONT'D:

12. A dam safety grant of \$380,000 and a loan of \$20,000 to be returned at 0% interest over approximately 10 years with annual payments of \$2,000 a year was provided to the Enterprise Reservoir & Canal Company. page 7

THOSE PRESENT

The BOARD OF WATER RESOURCES met in regular session on Friday, February 3 2006 in the Auditorium of the Department of Natural Resources Building, 1594 West North Temple, Salt Lake City, Utah. Chair Ivan Flint presided over the 1:00 p.m. meeting.

BOARD MEMBERS PRESENT:

Ivan Flint
Brad Hancock
Warren Peterson
John Carman
Blair Francis
Paul McPherson
Harold Shirley

STAFF MEMBERS PRESENT:

D. Larry Anderson, Director
Eric Millis, Asst. Director
Todd Adams, Chief, Hydrology and Computer Applications
Lyle Summers, Economist
Randy Staker, Accountant
Shalaine DeBernardi, Engineer
Val Anderson, Chief, Investigations
Tom Cox, Engineer
Russell Hadley, Engineer
Marisa Egbert, Engineer
Patrick Cowley, Engineer
Mandy Burbidge, Engineer
Jamie Leisch, Engineer
David Hatch, Engineer
Ed Fall, Geologist
Geralee Murdock, Administrative Secretary

OTHERS PRESENT:

Darren Hess, Engineering Manager – Weber Basin Water Cons. District

Fred Smolka, Manager, Emigration Improvement District

OTHERS PRESENT CONT'D:

Gary Galt, President, Spanish Fork Southfield Irrigation Co.
Michael Hansen, Treasurer, Spanish Fork South Field Irrigation Co.

Bob Hansen, President, Fountain Green Irrigation Co.

Rodney Green, President, North Creek Irrigation Co.

Keith Denos, General Manager, Provo River Water Users Association
Mike Wilson, President, Provo River Water Users Association
Craig Miller, Operations & Engineering Manager, Provo River Water Users Association
David Ovard, General Manager, Jordan Valley Water Conservancy District
Keith J. Larson, Project Engineer, Bowen Collins & Associates

Theo Cox, Hooper Irrigation Company
Dirk Bailey, Hooper Irrigation Company
Tracy Allen, Engineer, J-U-B Engineers

Orlando LaFontaine, Mayor, East Carbon City
Darlene Kuhns, Council member, East Carbon City
David Maggio, Council member, East Carbon City
Perry Matthews, USDA, Rural Development

Harold Mitchell, Attorney, Parowan South Fields Inc.
Clair Morris, Board member, Parowan South Fields, Inc.
Suzanne Morris, Secretary, Parowan South Fields, Inc.
Robert Morris, Parowan South Fields, Inc.

Minutes of the
BOARD OF WATER RESOURCES
February 3, 2006

Chair Ivan Flint welcomed everyone to the meeting

APPROVAL OF THE MINUTES

Warren Peterson made the motion, seconded by John Carman to approve the minutes of the December 9, 2005 Board meetings as prepared. The Board agreed unanimously.

CHAIR'S REPORT

Chair Flint said he had attended the Budget Hearing with Larry Anderson and some of the staff. He said Larry gave a good presentation and felt sure there would be no problems with the budget this year.

WATER SUPPLY REPORT

Randy Julander said the water supply forecast for the entire state is close to average or above until you get to the lower corner (southwestern) of the state; the snowpack is so bad only 10% of average runoff is expected. Last year there was 200% of average runoff for this area of the state. We had better soil moisture last year. In the north we're doing fairly well but in the Uinta Basin, southeast Utah, Sevier and southwest Utah the soil moisture is not as good and down on the Sevier and southwest Utah it is actually declining. Reservoir storage is the key to pulling the southern areas of the state through this particular year; reservoirs in the south are between 80 to 85% of capacity. Mr. Julander said the entire state is out of the drought except for the southeast corner of the state which is slowly going back into drought conditions.

FEASIBILITY REPORTS

#E-193 Spanish Fork South Irrigation Company

Chair Flint introduced Gary Galt, president and Michael Hansen, treasurer. Val Anderson reported the company delivers water through nine miles of earth and concrete-lined canals to flood irrigate about 6,800 acres. The company's large canal feeds three smaller canals west of I-15. The Argyle Canal was constructed nearly 50 years ago (serving 350 acres) and the concrete has failed causing it to leak extensively. In addition to losing about 60 acre-feet annually from seepage, the company estimates it spends around \$500 annually in canal maintenance.

The company obtained a \$30,000 grant from Strawberry River Water Users Association and hired a contractor to replace 600 feet of concrete canal lining, 26 turnout structures and one check gate in the Argyle Canal this past fall.

The company is requesting financial assistance to replace the remaining 1,500 feet of concrete-canal lining and install 64 turnout outlets and 18 check gates. It also requests the work completed last fall be counted towards the grant portion of the project. The project is estimated to cost \$70,000. The company is requesting the Board provide \$29,500 (42.1%).

Gary Galt said they need the loan to replace the canal lining further down on the system so the system will be more efficient and water will be saved. Paul McPherson made the motion to authorize the Spanish Fork South Irrigation Company project in the amount of \$29,500 (42.1%) to be returned with annual payments of \$2,950 at 0% interest over approximately 10 years. John Carman seconded the motion and it was unanimously agreed upon by the Board.

#E-195 Fountain Green Irrigation Company

Chair Flint introduced Bob Hansen of the company. Ed Fall reported the company's system comes primarily from three wells, as well as Big, Birch Creek, and Pole Canyon Springs west of town. Drought conditions have greatly reduced spring flow, forcing increased reliance on well water. All three wells are old and inefficient, therefore the company is requesting technical and financial assistance to design and construct a new well at a location near the upper end of the system. Division staff will provide design and construction supervision. The project is estimated to cost \$260,000.

Mr. Hansen said relocating the well will provide a more efficient use of water and will improve delivery to the company's shareholders. Warren Peterson made the motion to authorize the Fountain Green Irrigation Company project in the amount of \$221,000 (85%) to be returned with annual payments of \$11,050 at 0% interest over approximately 20 years. John Carman seconded the motion. It was unanimously agreed upon by the Board.

#E-181 North Creek Irrigation Company

Chair Flint introduced Rodney Green of the irrigation company. Tom Cox reported water is diverted from North Creek to provide irrigation water to about 2,900 acres of farmland northeast of Beaver. The only storage on the system is Blue Lake, a 400 acre-foot reservoir located on Blue Lake Creek, a tributary to North Creek. The dam (classified as "Moderate Hazard") was constructed in 1925 and enlarged in 1951 to its present size. A concrete spillway installed at that time is deteriorating badly and will not pass flows required by current dam safety regulations.

The project is located on Fishlake National Forest property and therefore a permit must be obtained from the Forest Service for construction and road access to the dam. The company

is requesting financial assistance to replace the deteriorating spillway. The project is estimated to cost \$320,000. Technical assistance is being provided by Wall Engineering of Fillmore.

Mr. Green said he talked with a lady at the U.S. Forest Service District office the other day and she said he couldn't apply for road access until the company has received authorization for funding. Harold Shirley made the motion to authorize the North Creek Irrigation Company project in the amount of \$288,000 (90%) to be returned with annual payments of \$11,600 at 0% interest over approximately 25 years. Paul McPherson seconded the motion and the Board agreed unanimously.

#E-177 Provo River Water Users Association

Chair Flint introduced Mike Wilson, president; Keith Denos, general manager; Craig Miller, engineer; Dave Ovard, board member; and Keith Larson, of Bowen Collins Engineers. Warren Peterson said he needed to declare a conflict of interest as he is legal counsel for the association. John Carman also said he would abstain from voting because of previous and possible future involvement with the association.

Val Anderson reported the Provo River Water Users Association operates and manages the Provo River Project, a Bureau of Reclamation Project built in the '30s. The project delivers water from Deer Creek Reservoir to water users in Utah and Salt Lake Counties. As development has occurred during the last 50 years, operation of the canal has significantly changed. When it was first built it served mostly agriculture lands, but since then it's changed to municipal and secondary irrigation. With the increased urbanization of farmland, water supplied by the canal is increasingly being used by water districts, particularly in Salt Lake County, requiring the water be conveyed the entire canal length.

The canal is largely unlined and loses about 8,000 acre-feet annually. The sponsor and the Central Utah Water Conservancy District (CUWCD) are presently facing the loss of approximately 8,000 acre-feet of water due to a jeopardy decision regarding the June Sucker located in the lower Provo River. The CUWCD has offered to fund 50% of the cost of a canal enclosure project in exchange for the water saved from seepage and evaporation, contingent upon the project being built by 2016.

The sponsor is requesting financial assistance to replace the Provo Reservoir Canal with 21.5 miles of 120-inch steel pipe, increasing its capacity to 550 cfs throughout. The project will serve an estimated 126,000 residential connections. It is anticipated construction will start in 2008 and continue to 2014. Bowens, Collins and Associates will provide preliminary technical assistance. The project is estimated to cost \$134 million.

The water rights for the project are owned entirely by the Bureau of Reclamation (BOR) and will not be available for security. The association is in the process of obtaining title to the Provo Reservoir Canal from the BOR so that title can be conveyed to the Board of Water Resources for security.

Mike Wilson said this is a good project and provides a lot of good benefits to the community and benefits a lot of people. He thanked the Board for considering the project as it is a huge project. Keith Denos said this is a unique project as it is supported by people of different interests such as the environmental community, local and city governments as well as the water community.

Director Anderson said it may be some time before the association is back for committal of funds; many things could change with this project. The Board, at the time of committal of funds, will have to recapitalize some of its contracts and bonds. Mr. Anderson said it will have to be a joint process to make sure monies are available at the same time the association will need the funds. The Board of Water Resources and the Provo River Water Users Association will have to work closely together to make this work.

Paul McPherson made the motion to authorize the Provo River Water Users Association project in the amount of \$60 million (44.8%) to be repaid at 4.2% interest with annual payments of \$4,120,000 for about 23 years. Brad Hancock seconded the motion and the Board agreed. Warren Peterson and John Carman abstained from voting.

COMMITTAL OF FUNDS

#E-060 Hooper Irrigation Company

Chair Flint introduced Theo Cox, Dirk Bailey, and Tracy Allen. Russell Hadley reported in 2002 the Board authorized a \$20 million pressurized irrigation system to serve agricultural and residential users in and around Hooper. Phase I of the project costing \$5.650 million has been completed and is serving 425 homes and 410 agricultural acres.

The company is ready to begin Phase II of the project, consisting of about 2.5 miles of additional secondary water lines to serve an initial 87 connections with a potential of 125 connections. Hooper City Council has shown support of the project by passing a “partial ordinance” requiring that all homes sold after 2000 connect to the system.

Dirk Bailey said they appreciated the opportunity to be considered for this. Phase I has gone very well and is a well designed system that is working great. He said they have over 1000 building lots in Hooper that have been approved for construction. He said if the Board approves this request the company is confident it can meet its commitments.

Ivan Flint said the Hooper Irrigation Co. is one of the oldest irrigation canal companies. They have some choice water rights on the Weber River and they’ve had an ag irrigation canal that’s run all those years and done a great job for West Davis and Weber County. Harold Shirley made the motion to commit funds from the C&D fund in the amount of \$595,000 (85%) to be returned in 20 years at 3% interest with an escalating repayment schedule. Blair Francis seconded the motion and it was unanimously agreed upon by the Board.

SPECIAL ITEMS

#D-968 Kanab Irrigation Company

Val Anderson reported the Kanab Irrigation Company came to the Board in March of 2004. The Board committed \$377,000 of a \$500,000 project to equip a well and install 5700 feet of 10-30" pipeline. Since then Kane County Water Conservancy District equipped the well and funded installation of the 10-inch transmission pipeline; the company reduced the amount of 30-inch transmission pipeline from 5,300 feet to 200 feet and added an additional nine air vents and four clean-out manholes, resulting in a changed cost estimate and sharing. The construction changes have reduced the cost estimate from \$500,000 to \$200,000. The company's requesting the Board fund 75% or \$150,000.

Harold Shirley made the motion the Board recommit funds to the Kanab Irrigation Company in the amount of \$150,000 (75%) to be returned at 0% interest over approximately 20 years with annual payments of \$7,500. Paul McPherson seconded the motion and the Board agreed unanimously.

#E-105 West Panguitch Irrigation & Reservoir Company

Tom Cox reported in March 2005 the Board committed funds to pipe approximately 3 ¼ miles of the West Panguitch Canal. Final design was not completed until December 2005. Project modifications plus rising pipe prices have resulted in a construction delay and an increased project cost of \$547,000. The company's requesting additional funds from the Board to cover the increased costs and is asking for a one-year delay in making their first payment and subsequent payments because of the delay in completion of the project.

Harold Shirley made the motion to amend the West Panguitch Irrigation & Reservoir Company's contract to commit an additional \$53,000 making a total of \$265,000 to be returned to the Board over a 21-year period at 0% interest starting with the first payment at \$9,000, second payment \$11,000 and the subsequent payments at \$13,000. The first payment will be due on December 1, 2007. Brad Hancock seconded the motion and it was unanimously agreed upon by the Board.

#E-187 New Escalante Irrigation Company

The irrigation company requested the Board delay its upcoming \$89,000 loan payment one year, thus allowing assessment collected for the payment to be used for dam repairs. Therefore, the company is requesting its application for funding be withdrawn. Harold Shirley made the motion to withdraw the New Escalante Irrigation Company application from further consideration by the Board. Blair Francis seconded the motion, and the Board unanimously agreed.

#L-499 & L-528 East Carbon City

Chair Flint introduced Mayor Orlando LaFontaine, Darlene Kuhns, and David Maggio. Lyle Summers reported in 1995 and 2000 the Board approved culinary water projects for East Carbon City at a total of about \$2.5 million. The city anticipated receiving a large revenue from the Allied Waste landfill constructed in its area to pay for these projects. Funds were also loaned to East Carbon City by the Water Quality Board (WQB), the Community Impact Board (CIB) and by the Rural Development Agency. In 2005 Allied Waste purchased a site in Tooele County for a new landfill and plans to take 65% of the waste currently being disposed of at the East Carbon City site and placing it at the Tooele site. This creates a substantial reduction in revenue and makes it necessary for the city to request its bonds with the Board as well as with the WQB, and the CIB be restructured.

After a meeting of the Water Development Coordinating Council, consisting of the above agencies, Lyle Summers was asked to do an economic analysis and report to the council his findings. Mr. Summers used the city's available data, which only went up to 2003, to create his analysis. He suggested the city's bond payments be restructured to provide annual payments of \$147,500 at 2.5% interest over 20 years, conditional upon similar debt restructuring by the CIB and WQB. The agreement also allows that should the city receive in excess of \$300,000 in tippage fees that this excess be applied to principal balances of all three state agencies.

Director Anderson introduced Mayor Orlando LaFontaine, elected last fall. He said the new mayor may wish to speak about what the Water Development Coordinating Council has done and what it is recommending.

Mayor LaFontaine said East Carbon City is 93% poverty. If it wasn't for the situation Allied Waste has put them in they probably wouldn't be before the Board. He requested the Board consider reducing the loans to 0% interest to give the city a chance to repay. He said their last quarterly payment from Allied Waste was \$50,000 less than the quarter before that.

David Maggio said he worked previously for Allied Waste and feels that as far as Allied Waste is concerned everyone is looking through rose-colored glasses. He said the problem with the landfill is going to get worse. Allied Waste has no long-term contracts. He said after the landfill was built in Tooele, East Carbon City lost business from Utah, Weber and Salt Lake counties. Mr. Maggio then explained the situation that exists in the city with the amount of low-income families.

Director Anderson said the Water Development Coordinating Council tried to analyze what would likely happen with the data that was available. Mr. Anderson suggested the Board table the project until Lyle Summers could analyze the most recent data. He said there was no reason to make a motion to change the interest rate to 2.5% if the city can't pay it.

Brad Hancock thanked Lyle Summers for his indepth analysis, and made a motion the Board table the East Carbon City request until further analysis can be made. The city needs to then meet with the Water Development Coordinating Council for further discussion before

bringing it back to the Board. Warren Peterson seconded the motion and it was unanimously agreed upon by the Board.

#E-183 Parowan South Fields, Inc.

Chair Flint introduced Harold Mitchell, Clair Morris, Suzanne Morris and Robert Morris. Russell Hadley reported the project was in the Board folder for authorization and committal of funds, however, due to requirements not being completed, the project is for authorization only. Mr. Hadley said the sponsor provides flood irrigation water to 395 acres of pastureland in and around Parowan. This past spring, heavy runoff washed out much of the sponsor's ditch system and headgates, making irrigation impossible this past season. The sponsor also loses an estimated 550 acre-feet annually to seepage, and spends about \$800 annually cleaning ditches.

The sponsor is requesting financial assistance to replace its damaged ditch system with a pressurized sprinkle irrigation system. The project is estimated to cost \$386,000. Construction and inspection services were to be provided by the Natural Resources Conservation Service in Cedar City, however because of flooding in the St. George area, the sponsor will need to hire an engineer to complete plans and specs for the project.

Mr. Harold Mitchell said Parowan Reservoir Co. delivers water to three separate fields – North, South and West Field. The West and North Fields have installed pressurized systems which work very well, and the company would now like the South Field to work as well. Clair Morris said it is important to get the system in soon so they'll be able to use it next spring.

Harold Shirley made the motion the Board authorize the Parowan South Fields, Inc. project in the amount of \$328,000 (85%) to be purchased with annual payments of \$24,700 at 0% interest over approximately 14 years. Warren Peterson seconded the motion and the Board unanimously agreed.

DAM SAFETY CONSTRUCTION

Enterprise Reservoir & Canal Company

Shalaine DeBernardi reported the Board committed funds for Phase I of the dam safety upgrade in December, 2005. Bids for construction came in at about double the committed amount and the company is requesting additional funding to cover the increased cost.

Harold Shirley made the motion to provide a dam safety grant of \$380,000 instead of \$190,000 and a loan of \$20,000 to be returned at 0% interest over approximately 10 years with annual payments of \$2,000 a year. Blair Francis seconded the motion. The Board agreed unanimously.

DIRECTOR'S REPORT

Director Anderson asked Eric Millis and Val Anderson to introduce new employees in their sections. Eric Millis introduced Mandy Burbidge and David Hatch, who work in the Hydrology and Computer Applications Section, and Jamie Leisch who works in the Technical Services Section. Val Anderson introduced Patrick Cowley who will be working in the Investigations Section. Val also said Marisa Egbert will now be working in the Investigations Section. Director Anderson asked Mandy, David, Jamie and Patrick to tell the Board members something about themselves.

Mr. Anderson informed the Board of a meeting of the Utah Water Conservation Forum being held February 23 at the Jordan School District office in Sandy and said the division would register anyone who would like to attend.

NEXT BOARD MEETING

Director Anderson said the next Board meeting will be held in conjunction with the Utah Water Users Workshop being held in St. George March 7 and 8. The Board meeting will be the afternoon of the 8th at 2 p.m. at the Crystal Inn. Board members are invited to attend a dinner provided by the Washington County Water Conservancy District on Wednesday (3/8) evening.

Board meeting adjourned at 3:15 p.m.

Approved
MINUTES OF THE
BOARD OF WATER RESOURCES
BRIEFING MEETING
December 9, 2005

Room 314
Department of Natural Resources Building
1594 West North Temple
Salt Lake City, Utah

Minutes of
Board of Water Resources Briefing Meeting
12/9/05 8:30 a.m.

Attendees:

Ivan Flint
Brad Hancock
Harold Shirley
Blair Francis
John Carman
George Harmond, Jr.
Paul McPherson
Warren Peterson

Larry Anderson, Director
Dennis Strong, Deputy Director
Eric Millis, Asst. Director
Steve Wilde, Chief, Investigations
Todd Adams, Chief Hydrology and Computer Applications
Geralee Murdock, Administrative Secretary

Discussion of Projects

Utland Ditch Co.

Brad Hancock asked staff if the Utland Ditch Company project repayment period was authorized at 20 years. He said it is a good project making two diversions out of the river. Steve Wilde replied the repayment period is for 16 years.

Davis and Weber Counties Canal Company

Steve Wilde said this committal of funds is for the fourth phase of a long-term canal rehabilitation plan. It consists of 3,000 feet of box culvert and new canal liner. Ivan Flint said he has looked this project over several times this year. He said this is where they had the slide a few years ago. "It all needs to be done, it is a horrible mess of a canal". Director Anderson asked why they weren't putting it all in box culvert as there are so many homes going in around the area. Mr. Flint said it is probably due to the cost.

Elwood Town

Steve Wilde said this is a drinking water project and does not have any changes since authorization.

Tropic and East Fork Irrigation Company

Steve Wilde said staff recommends the Board approve the request to delay the first year's payment as there were construction delays and the company was unable to irrigate until mid-June of this year. This has been done for a number of other sponsors in the past.

Larry Anderson said this is the only diversion in the entire Colorado River Basin where water is diverted into the Colorado River. Every other diversion takes water out; this one adds water.

Chester Irrigation Company

Steve Wilde said the Chester Ponds have been in existence a long time. The company replaced existing spillway flashboard structures with gated structures on four of the ponds, but this past spring the fifth pond's old spillway washed out. In addition to the additional work required to get the fifth pond reconstructed, the State Engineer is requiring that 400 feet of toe drain be installed. The total cost will increase from \$150,000 to \$200,000.

New Escalante Irrigation Company

Steve Wilde reported because willows and gopher holes have become established on the Wide Hollow Dam the State Engineer is requiring repairs take place. The reservoir will be severely restricted until the repair work is completed to control the seepage. The estimated cost of the repairs is \$90,000. The company's March 2006 payment is \$89,000; the company cannot make the \$89,000 payment and pay the \$90,000 for dam repairs. Staff is recommending the Board amend the company's agreement to postpone the March 2006 payment one year and make all currently scheduled principal and interest payments due one year later than presently required. No interest will accrue from March 1, 2006, through February 28, 2007.

M & M Irrigation Company

Steve Wilde reported the pipeline project was authorized 15 months ago. The bid, however, came in higher than the authorized amount due to a rise in the cost of pipe, and the company is requesting the Board provide an additional \$440,000 out of the Revolving Construction Fund at 0% interest.

Enterprise Reservoir & Canal Company

Steve Wilde said when the flow over the Lower Enterprise Dam spillway exceeds the capacity, the overflow goes over the top of the dam causing structural concerns. The State Engineer is requiring the dam be upgraded to meet current dam safety standards. Construction will take place in phases. Phase I consists of repairing damage by filling in voids and rock-

bolting the abutments and portions of the spillway channel. Staff is recommending the Board grant \$180,000 (90%) and a \$20,000 loan for Phase I. Dennis Strong said the State Engineer will place a restriction on the structure if they do not do the repairs and rock-bolting on the spillway. He also said the full cost of the repairs to the dam is estimated to be about \$600,000. The company will return to request financial assistance for Phase II.

Harold Shirley asked about the possibility of a 95% grant. Mr. Wilde said if the Board chooses to grant the project at 95%, staff suggests the annual payment remain the same.

Other Items

Director Anderson informed the Board the January Board meeting will need to be changed to February 3 because there is not a meeting room available.

Director Anderson said a Water Summit sponsored by Washington County Water Conservancy District, (WCD) Central Iron County WCD and Kane County WCDs was held in St. George November 16 to discuss the Lake Powell Pipeline. Boards of Directors, mayors, city councilmen, county commissioners, elected state officials, congressional staffers, Indian tribes, members of the Water Financing Task Force, and legislative chairmen of different groups were all invited. Lt. Governor Herbert, Mike Styler, DNR Executive Director, and Ed Alter, State Treasurer, all spoke. Director Anderson gave a presentation, Scott Wilson of the Iron County WCD, Mike Noel of the Kane County WCD and Ron Thompson of the Washington County WCD all spoke. The purpose of the summit was to make sure everybody heard the same message. Vanguard Media was responsible for putting it all together. Todd Adams showed the Board the film prepared by Vanguard Media on the Lake Powell Pipeline.

Ivan Flint attended the summit and said it was a worthwhile summit. There was a lot of good information presented that day.

Meeting adjourned at 9:45 a.m.

Approved
MINUTES OF THE
BOARD OF WATER RESOURCES MEETING
December 9, 2005

Auditorium
Department of Natural Resources Building
1594 West North Temple
Salt Lake City, Utah

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Attachment – 2006 Board Meeting Schedule

SUMMARY OF BOARD ACTIONS

1. The Minutes of the October 28, 2005 Board meetings were approved with suggested changes. page 1
2. The Board committed funds to the M & M Irrigation Company in the amount of \$976,000 (49%) from the Revolving Construction Fund at 0% interest to be returned in 25 years with annual payments of \$27,000 the first five years, and approximately \$42,100 the next twenty. page 2
3. Funds were committed to the Utland Ditch Company in the amount of \$270,000 (22.5%) to be returned with annual payments of \$17,000 at 0% interest over approximately 16 years. page 2
4. The Board committed funds to the Davis & Weber Counties Canal Co's, phase IV project in the amount of \$1.807 million (85%) to be returned in 30 years at 3.6% interest with annual payments of approximately \$99,500. page 3
5. Funds were committed to Elwood Town in the amount of \$1.530 million (90%) to be repaid in 25 years at 3.5% interest with an escalated repayment schedule. page 3
6. The Tropic and East Fork Canal Co's contract was amended to postpone its March 2006 payment for Phase I for one year, making all currently scheduled principal and interest payments due one year later than presently required. No interest will accrue from March 1, 2005 through February 28, 2006. page 4
7. The Chester Irrigation Company contract was amended to provide an additional \$16,000 making a total of \$64,000 (32%) to be returned with annual payments of \$4,300 at 0% interest over approximately 15 years. page 4
8. The New Escalante Irrigation Company contract was amended to postpone its March 2006 payment of \$89,000 one year making all currently scheduled principal and interest payments one year later than presently required. No interest will accrue from March 1, 2005 through February 28, 2006. page 5
9. The Enterprise Reservoir and Canal Co. received a dam safety grant in the amount of \$190,000 (95%) for phase I of the Lower Enterprise Dam repair and a loan in the amount of \$10,000 to be returned with annual payments of \$2,000 at 0% interest over approximately five years. page 5
10. The Board approved the 2006 Board Meeting Schedule. page 6

THOSE PRESENT

The BOARD OF WATER RESOURCES met in regular session on Friday, December 9, 2005 in the Auditorium of the Department of Natural Resources Building, 1594 West North Temple, Salt Lake City, Utah. Chair Ivan Flint presided over the 10:00 a.m. meeting.

BOARD MEMBERS PRESENT:

Ivan Flint
Brad Hancock
Warren Peterson
Harold Shirley
Blair Francis
George Harmond, Jr.
John Carman
Paul McPherson

STAFF MEMBERS PRESENT:

Larry Anderson, Director
Dennis Strong, Deputy Director
Eric Millis, Asst. Director
Randy Staker, Accountant
Robert King, Chief, Interstate Streams
Dan Aubrey, Chief Geologist
Steve Wilde, Chief, Investigations
Matt Call, Engineer
Val Anderson, Engineer
Gina Hirst, Engineer
Tom Cox, Engineer
Shalaine DeBernardi, Engineer
Geralee Murdock, Administrative Secretary

OTHERS PRESENT:

Frank Eliason, President, M & M Irrigation Company
Troy Prestwich, Secretary-Treasure, M & M Irrigation Company
Bob Kilpack, Customer Service, Isco Industries
Darin Robinson, Engineer, Jones & DeMille Engineering

OTHERS PRESENT CONT'D:

Pete Page, President, Davis & Weber Counties Canal Co.
Ivan Ray, General Manager, Davis & Weber Counties Canal Co.
Scott Paxman, Board member, Davis & Weber Counties Canal Co.
Jerry Stevenson, Board member, Davis & Weber Counties Canal Co.
Lee Cammack, Project Engineer J-U-B Engineers

James Simkins, President, Enterprise Reservoir and Canal Co.
Fenton Terry, Secretary, Enterprise Reservoir and Canal Co.
Brad Price, Engineer, R B & G Engineering, Inc.

MINUTES OF THE
BOARD OF WATER RESOURCES MEETING
December 9, 2005

Chair Flint welcomed everyone to the meeting.

APPROVAL OF MINUTES

Warren Peterson made the motion to approve the minutes of the October 28, 2005, Briefing Meeting and Board Meeting with suggested changes. George Harmond, Jr. seconded the motion and the Board agreed unanimously.

CHAIRS REPORT

Chair Flint reported on the Water Summit, arranged by Ron Thompson of the Washington County Water Conservancy District, held in St. George, regarding the Lake Powell Pipeline. One of the items discussed at the Summit was how to finance the Lake Powell Pipeline and the Bear River Development Projects. Director Anderson said it was an excellent conference. It was by invitation only, a large group attended, probably 125.

Director Anderson introduced Tammy Kikuchi, the Department's new Public Information Specialist. He said she worked for a year for Governor Huntsman, but decided she'd like to spend more time with her husband and children and therefore, accepted an assignment at DNR.

COMMITTAL OF FUNDS

#E-136 M & M Irrigation Company

Chair Flint introduced Frank Eliason, Troy Prestwich, Bob Kilpack and Darin Robinson. Gina Hirst reported the proposed project is located west of Mount Pleasant and northeast of Moroni in Sanpete County. The company requested financial assistance to replace 7-1/2 meandering miles of unlined transmission canal with 4-1/2 miles of HDPE pipe.

The project has been bid and, due to the past year's dramatic increases in the price of pipe, costs will be higher than authorized. The company is requesting an additional \$445,000 making a total of \$976,000 from the Revolving Construction Fund.

The request of \$976,000 is larger than normally provided from the Revolving Construction Fund but the company doesn't feel shareholders can afford to pay interest on Board funds if the project moves to the C&D fund. The company will eliminate a mile of the proposed project and request \$800,000 if the Board feels it can not provide the \$976,000 from the Revolving Construction Fund.

Frank Eliason expressed appreciation to the Board for its support of the project. He said the company wants to conserve as much water as possible and they've been losing a lot of water over the life of the canal. Troy Prestwich said the increase in the cost of pipe is attributed to the Katrina Hurricane. This has forced the cost of pipe and materials to go way above what was originally planned. Darin Robinson, engineer on the project, said his firm had reduced its cost from the original budget by 30% and the company has picked up the slack by doing a lot of leg work. He said the engineering firm and the irrigation company have tried to keep the cost manageable where it could.

Warren Peterson asked what would happen if the last mile of pipe were not installed. What does it do in terms of the functionality of the project? Troy Prestwich said it leaves more open ditch to maintain. Mr. Kilpack said it costs about \$20,000 a year to generally maintain the canal. If you take out this much pipeline, the open ditch has to be maintained and it will lessen the benefit to the farmers and leave the project partly complete.

Mr. Peterson made the motion to commit funds to the M&M Irrigation Company in the amount of \$976,000 (49%) from the Revolving Construction Fund at 0% interest to be returned in 25 years with annual payments of \$27,000 the first five years, and approximately \$42,100 the next 20. Paul McPherson seconded the motion and the Board agreed unanimously.

#E-182 Utland Ditch Company

Val Anderson reported the Utland Ditch Co. is located one mile west of UPALCO four miles east of Duchesne. The company requested financial assistance to combine two current agricultural irrigation water diversions into one, replace two irrigation ditches with 6.5 miles of transmission pipeline, and install 12 new propeller meters. The cost estimate remains the same as authorized.

Brad Hancock made the motion to commit funds to the Utland Ditch Co. in the amount of \$270,000 (22.5%) to be returned with annual payments of \$17,000 at 0% interest over approximately 16 years. Harold Shirley seconded the motion and it was unanimously agreed upon by the Board.

#E-189 Davis & Weber Counties Canal Co.

Chair Flint introduced Ivan Ray, Pete Page, Scott Paxman, Jerry Stevenson and Lee Cammack. Tom Cox reported in the year 2000 the Board authorized the sponsor's \$25.5 million phased project to improve the Davis & Weber Canal. The first three phases have been completed and approximately 8800 feet of concrete box culvert and 4300 feet of reinforced concrete liner has been installed as well as slope stability work has been done at places along the canal alignment.

The company is proceeding with Phase IV, which includes approximately 1,200 feet of concrete box culvert and 1,700 feet of reinforced concrete liner. Construction is underway in order to complete the project by this coming April. The same cost sharing is to be extended to Phase IV with 85% from the Board and 15% from the canal company. The authorized terms of the overall project are 30 years at 3.6% interest.

Lee Cammack said this phase of the project completes the canal improvements in the areas where there is the greatest potential for significant property damage. Chair Flint asked what the timetable was for the next section of the canal. Mr. Cammack said there will be a project essentially every year until it gets completed; they are about halfway through. Ivan Ray said they should be through somewhere around 2012.

After further discussion, Brad Hancock made the motion to commit funds to the Davis & Weber Counties Canal Co.'s Phase IV in the amount of \$1.807 million (85%) to be returned to the Board in 30 years at 3.6% interest with annual payments of approximately \$99,500. John Carman seconded the motion and the Board unanimously agreed.

#L-549 Elwood Town

Val Anderson reported Elwood Town is located about 11 miles north of Brigham City in Box Elder County. In January, 2005 the culinary improvement project was authorized which consisted of a 500,000 gallon storage tank and about 7.5 miles of transmission and distribution pipeline. The cost estimate and sharing remain the same as authorized.

Blair Francis made the motion to commit funds to Elwood Town in the amount of \$1.530 million (90%) to be repaid in 25 years at 3.5% interest with an escalated repayment schedule. George Harmond, Jr. seconded the motion and it was unanimously agreed upon by the Board.

SPECIAL ITEMS

#E-104 Tropic & East Fork Irrigation Company

Tom Cox reported the Board authorized a two-phase project to replace the seven mile-long Tropic & East Fork Canal with 30-inch pipeline. The Board committed \$600,000 to be returned at 1.5% interest over approximately 25 years with annual payments of \$29,000 beginning March 1, 2006.

Construction of Phase I was delayed and water was not available to irrigators until mid-June of this year, causing a significant reduction in crop yield. Work on Phase II is under construction and shareholders' assessments are going toward the company's cost sharing for that phase. Because of these circumstances, the company will have a difficult time making its March payment to the Board for Phase I and requests a year's postponement.

Harold Shirley made the motion to amend the Tropic & East Fork Canal Co.'s contract to postpone its March 2006 payment for Phase I to the Board, for one year and making all currently scheduled principal and interest payments due one year later than presently required. No interest will accrue from March 1, 2005, through February 28, 2006. Paul McPherson seconded the motion and the Board agreed unanimously.

Chair Flint introduced Mike Styler, Department of Natural Resources Executive Director. Mr. Styler thanked everyone for their service and said the state of Utah appreciates what they do. He also wished everyone a Merry Christmas.

#E-138 Chester Irrigation Company

Val Anderson said last winter the company began a project to replace, in five ponds, existing spillway flashboard structures with gated structures. The work was completed on four of the ponds, but this past spring the fifth pond's old spillway washed out and damaged the embankment. In addition to the additional work required to get the fifth pond reconstructed, the State Engineer is requiring that 400 feet of toe drain be installed.

The company is requesting an additional \$16,000 to help pay for the spillway replacement, embankment repair, and toe drain.

Warren Peterson said this is a good project and moved to amend the Chester Irrigation Company project to provide an additional \$16,000 making a total of \$64,000 (32%) to be returned with annual payments of \$4,300 at 0% interest over approximately 15 years. George Harmond, Jr. seconded the motion and it was unanimously agreed upon by the Board.

#N-226 New Escalante Irrigation Company

Tom Cox reported the New Escalante Irrigation Company owns and operates Wide Hollow Dam and reservoir as part of its pressurized irrigation system. Since the early 1990s when dam safety studies identified several major deficiencies in the embankment and spillway, the company has been investigating sites for a replacement dam and reservoir, devoting most of its time and resources to that pursuit with minor attention given to the existing dam.

After an annual safety inspection the State Engineer sent the company a letter indicating storage in the reservoir will be severely restricted until repair work to control the seepage is done. It is estimated those repairs will cost around \$90,000.

The company has a contractual agreement with the Board for construction of the pressurized irrigation system. The system is being purchased at 1.5% interest with payments through 2020. The next payment is due March 2006, in the amount of \$89,000. The company cannot pay for the necessary dam repairs and make its scheduled payment to the Board, and therefore requests a year's postponement.

Harold Shirley made the motion to amend the New Escalante Irrigation Company contract to postpone its March 2006 payment of \$89,000 one year making all currently scheduled principal and interest payments one year later than presently required. No interest will accrue from March 1, 2005, through February 28, 2006. Blair Francis seconded the motion and the Board agreed unanimously.

DAM SAFETY CONSTRUCTION FUNDING

#C-012 Enterprise Reservoir & Canal Company

Chair Flint introduced James Simkins, Fenton Terry and Brad Price. Shalaine DeBernardi reported the Lower Enterprise Dam is located about 11 miles southwest of the city of Enterprise in Washington County. The company is requesting financial assistance to upgrade the dam to meet current dam safety standards. The dam's foundation, abutments and downstream spillway channel are stable but the spillway is not adequate. During high inflow events water spills over the dam crest due to the inadequate spillway, and erosion at the base of the spillway pour-off and spillway channel occurs.

This upgrade will be constructed in phases. Phase I will consist of repairing the erosion damage by filling in voids and rock-bolting the spillway channel. The remaining upgrade work will be done in future phases and will be brought before the Board when ready. Technical assistance is being provided by Alpha Engineering in St. George and RB&G Engineering in Provo. The estimated cost of this phase is \$200,000.

Mr. Simkins said the company appreciates what the Board has done for them in the past and requested a 95% grant instead of the staff recommended 90%. Mr. Flint asked what the justification was. Mr. Simkins said they have a lot of debt. They pay \$7 for irrigation water and also have high pumping costs. He said they would appreciate it if they could get the 95%. Mr. Terry said the flooding last spring in southern Utah caused damage to the spillway and they repaired it the best they could and also expressed a desire for a 95% grant. Brad Price, engineer, said after evaluation of the dam it was determined the dam is in good condition and only needs some minor repairs.

George Harmond, Jr. asked what the total cost of the dam repairs would be. Mr. Price said in the \$600,000 range. Harold Shirley made the motion to grant \$190,000 (95%) with a loan of \$10,000 (5%) to the Enterprise Reservoir & Canal Co. for Phase I of the Lower Enterprise Dam repair. The \$10,000 is to be returned with annual payments of \$2,000 at 0% interest over approximately five years. Warren Peterson seconded the motion and the Board agreed unanimously.

DIRECTOR'S REPORT

Director Anderson referred to the memo in the Board Folder regarding the development of Lower Basin shortage guidelines coordinated management strategies for Lakes Powell and

Mead and the concerns that have been raised with Arizona's letter to the Bureau of Reclamation challenging the 602a storage algorithm that is now being used. The fact Arizona sent the letter makes it more difficult for the Upper and Lower Basin States to come to an agreement on joint operation of the reservoirs. This agreement is to be to the Secretary of Interior by early February. If an agreement is not reached, then there won't be a 7-state position and the Secretary of Interior will have to write her own proposed alternative. If this happens it opens up the possibility for some serious disagreements between the states.

APPROVAL OF 2006 BOARD MEETING SCHEDULE

Harold Shirley made the motion to approve the 2006 Board meeting schedule (copy attached). John Carman seconded the motion and the Board unanimously agreed.

OTHER ITEMS

Chair Flint asked Steve Wilde if the rumor was true that he was retiring. Steve said yes. He planned on retiring December 15. He said he and his wife, Laura, plan to travel in South America and in Europe. Chair Flint expressed appreciation to Steve for his many years of service to the Board and Division of Water Resources. He said "I like the way you present your cases and respect your judgment. You're a great employee." Steve said he had appreciated working with the many Board members over the years, and also appreciated the support the Board has given him and his staff.

Meeting adjourned at 11:55 a.m.

